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Weekend

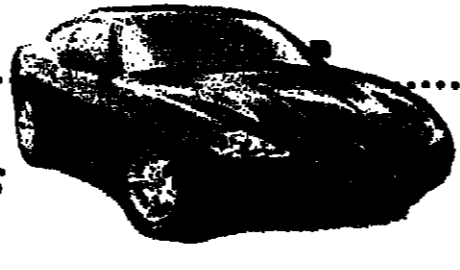
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FINANCIAL TIMES

Weekend FT
The countdown
to meltdown



A Jaguar
to turn heads



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fast and infuriating



SECTION II
World Business Newspaper

WEEKEND MARCH 9/MARCH 10 1996

Alitalia chairman quits and warns of union sell-out

Controversy over the future of Alitalia, Italy's troubled national airline, deepened following the resignation of chairman Renato Riviero, and his warning against selling out to unions. Mr Riviero lost his operational role in the airline's management this week during a shake-up by Domenico Campella, the new chief executive. Mr Campella's appointment heralded a less confrontational approach toward the unions on cutting costs and more flexible work practices. Page 2

Mubarak and Clinton to host Mideast talks

More than a dozen heads of state are expected to attend a summit in Egypt on Wednesday, hosted by Egyptian president Hosni Mubarak (left) and US president Bill Clinton to rally support for Middle East peace and co-ordinate ways of combating regional terrorism. Egyptian officials said President Boris Yeltsin of Russia and Jacques Chirac of France, German chancellor Helmut Kohl, Jordan's King Hussein, Yasir Arafat, president of the Palestinian Authority, and Israeli premier Shimon Peres had agreed to attend. Page 24; Dangerous race against time, Page 11

Scenes bows out: Portuguese president Mario Soares, 71, the leading protagonist in the country's passage from dictatorship to democracy, leaves politics today when he hands over to fellow socialist Jorge Sampaio. Page 3

Turkish Cypriot aircraft hijacked: A Turkish Cypriot Boeing 737 with 130 people on board was hijacked and forced to land at Sofia, Bulgaria, Istanbul airport officials said. The aircraft was on a flight from Istanbul to Northern Cyprus.

Nintendo again delays games launch: The share price of video games maker Nintendo fell 2.6 per cent after the company confirmed that it would again have to delay the launch of its 64-bit games machine because of difficulties in obtaining semi-conductors. Page 13

German shipyards may be reprivatised: The German privatisation agency wants to hive off east Germany's shipyards from Bremer Vulkan, the shipbuilding company which last month sought protection from its creditors, and then reprivatise them. Page 5

Portugal shuns European defence policy: Portugal's Socialist government said it would not support a common European foreign and defence policy. Page 2

German bank loans for Moscow: German banks are putting together a DM4bn loan package for Russia aimed at supporting structural reform and strengthening economic, technical and industrial ties between the two countries. Page 2

Reed Elsevier drops sale of books arm: Anglo-Dutch information group Reed Elsevier has taken Reed Consumer Books, its book publishing business, off the market after failing to secure a satisfactory price. Page 13

Australia's new PM announces cabinet: Former Australian Liberal party leader Alexander Downer was confirmed as the country's foreign minister, when prime-minister elect John Howard released details of his ministerial line-up. Page 4

ICL to concentrate on computer services: ICL, the only UK-based full range computer manufacturer, is pulling out of its loss-making personal computer business and spinning off its contract electronics operations in order to focus on the computer services business. Page 24 and Lex; Goodbye to all those little boxes, Page 12

UK rates out: UK chancellor of the exchequer Kenneth Clarke cut interest rates for the third time in four months. Page 6

Lloyd's sends cost details to Names: Lloyd's of London despatched to 34,000 Names first details of how much they can expect to pay towards resolving their own financial affairs and the insurance market's future. Page 6

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US jobs data hit bonds and equities

Strongest monthly employment figures in 13 years dash hopes of further rate cuts

By Michael Prowse in Washington and Lisa Bransten in New York

US financial markets were in disarray yesterday after the release of the strongest monthly employment data in 13 years dashed expectations of further cuts in short-term interest rates. European bond and equity markets also fell sharply in response to the declines on Wall Street. The Labour Department said non-farm employment rose 765,000 last month, about twice the increase predicted by most economists, even allowing for a rebound after severe winter storms in January. The jobless rate dropped to 5.5 per cent from 5.8 per cent.

The figures indicated the economy was reviving more rapidly than expected after a period of sluggish growth. On Wall Street, where some bond traders had feared a recession, the data prompted heavy selling of shares and bonds.

Within the first 30 minutes of trading, the benchmark 30-year Treasury bond had dropped nearly three full points, pushing the yield to just over 6.7 per cent. The Dow Jones Industrial Average dropped nearly 117 points in early trading.

After stabilising briefly around midday, the markets resumed their downward course. The 30-year bond fell further to yield 6.73 per cent by mid-afternoon and the Dow was off 158.96 at 5,482.73.

"We're all experiencing a paradigm shift," said Mr Richard Berner, chief economist at Mellon Bank in Pittsburgh. "The economy is shaking off its weakness much faster than anyone had expected."

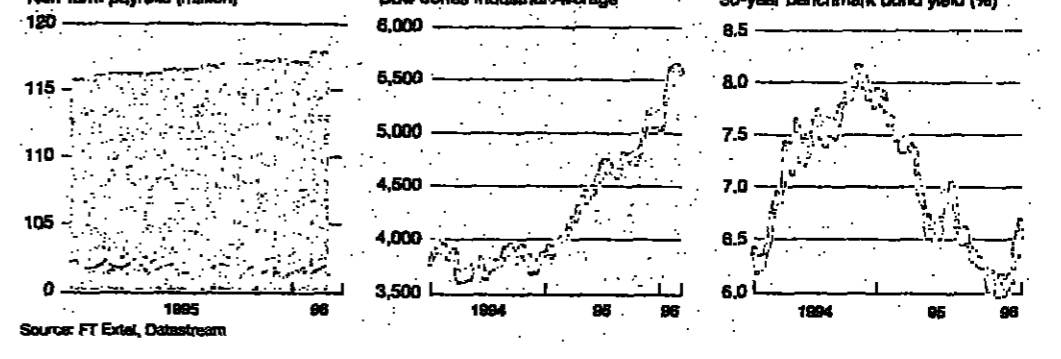
Mr Joseph Stiglitz, the chief White House economist, said the figures underscored the US economy's strength. "We now expect to see solid economic growth in the first quarter of 1996, as well as throughout the rest of the year," he said.

The figures were seen as ruling out any prospect of a cut in interest rates at the Federal Reserve's policy meeting later this month. Analysts said the Fed was likely to sit tight until data cast further light on the strength of the rebound.

However, an increase in rates was not judged likely as most measures of inflation remain subdued.

In Europe, bond and equity markets fell on fears that the US interest rate cuts which have

Rise in US employment hits Wall Street and bonds



been fuelling the international bull market might not continue. The Frankfurt and Paris stock markets fell 1.2 and 1.6 per cent respectively while German government bonds dropped more than a point.

In London, the FT-SE 100 index fell 47.9 points to 3,710.3 but the real damage occurred in gilts, where the benchmark 10-year issue fell 1 1/2 points.

The rebound in US employment followed a revised 188,000 drop in January when the economy was depressed by government shutdowns and severe winter weather.

But the size of the February surge - the largest monthly increase since the Reagan boom of the early 1980s - shocked many analysts. The average gain in employment in the first two months of the year was 258,000, more than 100,000 higher than in the second half of last year. Jobs gains were concentrated in services, the retail trade and construction. Jobs in manufacturing rose only 26,000, indicating a continuing weakness in the sector.

World stock markets, Page 19
Lex, Page 24



"Protect Taiwanese lives and rights", say the banners as Tsai Chih-hung, (second right), of Taiwan's ruling Nationalist party, and aides stage a protest near a target area for Chinese missile tests

China to keep pressure on Taiwan after missile tests

By Laura Tyson in Taipei

Chinese leaders yesterday vowed to maintain pressure on Taiwan, which responded angrily after Beijing test-fired three guided missiles in waters close to the island's two largest ports.

The threat to Taiwan's economic livelihood prompted residents to buy US dollars, draining most banks of notes. The tension also stirred rumours of people hoarding gold and rice.

The unarmed missiles landed within two sea target areas, one of which is 20 nautical miles off Taiwan's north-east coast, near the port of Keelung, the other 30 nautical miles off the south-west coast, near Kaohsiung.

Mr Lien Chan, Taiwan's premier, called China's action "provocative" and "irresponsible", while the defence minister, Mr Chiang Chung-ling, said Taiwan's armed forces would retaliate if

China violated the island's 12-mile territorial waters.

Mr Jiang Zemin, China's president, vowed to continue his government's aggressive policy, claiming that Taiwanese leaders had recently intensified a drive towards independence.

"Our struggle will not stop so long as Taiwanese authorities do not cease to split the motherland," he said.

Mr William Perry, the US defence secretary, said Washington had delivered a strong protest to China over the tests. He said Beijing's action "could only be viewed as an act of coercion" before Taiwan's first direct presidential elections on March 23.

The Mainland Affairs Council, a cabinet agency responsible for shaping Taiwan's China policy, said Beijing's "dangerous" act was intended to undermine public morale and obstruct the development of democracy in Taiwan.

Political analysts believe Beijing is attempting to frighten Taiwan into postponing or abandoning the elections.

"This kind of brutal intimidation... seriously harms relations across the Taiwan Strait and delays national unification," the Mainland Affairs Council said. Taiwanese military forces had prepared for an armed invasion from the mainland, it added.

The stock market gained 1.14 per cent yesterday, buoyed by government-inspired buying and a cut in banks' required reserve ratios effective today. The central bank announced the measure on Thursday to lift investor confidence. A public opinion survey released today indicated voter support for President Lee Teng-hui has risen to 44 per cent from 30 per cent a few weeks ago.

Taipei runs out of dollars, Page 4
Lex, Page 24

GM suit against Volkswagen may damage US-German ties

By Wolfgang Münchau in Düsseldorf and Richard Waters in New York

General Motors yesterday launched a US civil suit accusing Volkswagen and Mr Ferdinand Piëch, its chairman, of fraud in a case which may cause friction in US-German economic relations.

The new outbreak of hostilities between the US and Europe's largest car makers follows the defection three years ago of a senior GM executive, Mr José Ignacio López de Arriortúa, to VW. The case is also under investigation by German prosecutors.

GM claimed yesterday VW and Mr López, formerly its head of procurement, had stolen documents and data, "which they have fed into their own computers and later destroyed". Though GM did not disclose the amount it seeks in damages, the figure is expected to be at least in the hundreds of millions of dollars.

VW said yesterday it would apply for the suit to be dismissed on the grounds that it had no basis in fact. It said GM had presented no new evidence.

Mr David Herman, chairman of Adam Opel, GM's German subsidiary, said the acts it was complaining about "had led to considerable financial damage for Adam Opel and General Motors Corporation and constitute a threat to jobs in our group and especially in Germany".

The complaint has been filed in a federal court in Detroit under US anti-racketeering legislation. This means the potential award if

GM wins stands to be three times any actual damages the court rules that it has suffered.

GM makes 10 allegations referring to alleged breaches of various conspiracy and fraud acts. Mr Hans Wilhelm Gieb, a member of Opel's supervisory board and vice president of GM Europe, said GM filed the suit "in the belief that all of the defendants are, among other counts, guilty of conspiracy, conversion and the misappropriation of trade secrets, and racketeering".

The VW executives named are Mr Piëch, Mr Jens Neumann, a VW board member, Mr López and seven others who also left GM to join VW.

GM's 100-page claim, based in

STOCK MARKET INDICES		
FT-SE 100	3,710.3	(-47.5)
Yield	6.88	
FT-SE Eurotrack 100		
FT-SE-A All-Share	1,887.72	(-19.23)
Nikkei	1,282.24	(-1.19)
NYSE	20,195.87	(+128.72)
New York Composite		
Dow Jones Ind Ave	5,570.16	(-71.53)
S & P Composite	644.12	(-0.53)
LONDON MONEY		
3-mo Interbank	5 1/2%	(5 1/2%)
Life long gilt fut. ... Jun 1942		(Jun 1982)
US LUNCHTIME RATES		
Federal Funds	5 1/4%	
3-m Treas Bill: Yld	5.04%	
Long Bond	9 1/2%	
Yield	6.882%	
NORTH SEA OIL (Ages)		
Brent 15-day (Apr) ...	\$18.185	(18.30)
GOLD		
New York Comex (Apr) ...	\$388.2	(393.4)
London	\$395.5	(393.8)

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Controls on Bremer Vulkan contracts face probe

German shipyards may be reprivatised

By Judy Dempsey in Berlin

The German privatisation agency yesterday said it wanted to hire off east Germany's shipyards from Bremer Vulkan, the shipbuilding company which last month sought protection from its creditors, and then reprivatised them.

The announcement coincides with confirmation from the federal auditing office, which monitors spending by public institutions, that it will investigate what controls the Bundesanstalt für Vermögensverwaltung und Treuhandaufgaben (BvS), the successor to the Treuhand privatisation agency, had over contracts signed with Bremer Vulkan.

The Treuhand sold Volkswerft Stralsund (VWS) and MTW Schiffwerft (MTW), two east German shipyards, to Bremer Vulkan in 1992 on condition its new owners invested DM1.2bn (€531m) in the yards.

However, DM715m of state-guaranteed investments earmarked for the east German yards was placed in a special cash management fund at Bre-

mer Vulkan's headquarters in Bremen.

The investments were then siphoned off and poured into other projects and loss-making divisions.

Mr Heinrich Hornel, president of the BvS, dismissed suggestions that the BvS was responsible for the misuse of state-backed investments, and said the contracts had the "normal controls". The BvS has a special contracts management department which is meant to monitor implementation of investments, adherence to timetables and fulfilment of investment projects by those who have bought east German companies from the Treuhand and BvS.

Earlier this week Mr Karel van Miert, EU competition commissioner, said subsidies should not be placed into the central finances of a parent company and that it was necessary to have guarantees about how funds were meant to be used. Mr van Miert and the state government of Mecklenburg-Vorpommern, where the east German yards are located,

have criticised the weak system of controls over public subsidies.

It is likely more subsidies will be required for MTW and VWS. Mr Hornel said both shipyards needed fresh capital, subsidies backed by the European Commission, and a new strategy to prepare them for privatisation. He insisted they would not be placed under state control.

The BvS's plans are supported by Bonn, which is considering extending DM500m of fresh subsidies to the two east German shipyards, despite earlier statements it would not support the Bremer Vulkan group. These subsidies would be in addition to the DM1.2bn of state-backed investments allocated by the Treuhand to the region's shipping sector since 1991.

The government is apparently concerned about social and political repercussions if the MTW and VWS shipyards collapse. The state of Mecklenburg-Vorpommern has an unemployment rate of 20 per cent, the highest in Germany.

Lisbon's catalyst for change bows out



Mário Soares: plans to indulge a passion for writing

President Mário Soares, the leading protagonist in Portugal's passage from dictatorship to democracy, bows out of politics today when he hands over to Mr Jorge Sampaio, a fellow socialist.

At 71, he is stepping down at the peak of his popularity. An opinion poll this week indicated that almost 90 per cent of Portuguese think Mr Soares was the best president they have had.

"The enormous sigh I'll breathe when I step down will be one of relief," he says. "The sigh I saw Portuguese ambassadors breathe as I boarded the plane home after presidential visits abroad - the sigh that says it's over and, thankfully, nothing has gone tremendously wrong."

No other figure is as representative of a Portugal that has evolved peacefully from torpid dictatorship to a lively European democracy. A speaker equally at home embarrassing hecklers or charming royalty, Mr Soares used his last television address as president to tell the nation it was time to say "basta" to politics.

"There is a time to be at the centre of the stage and another to fade into the background. I plan to indulge a passion for writing that I have been putting off all my life and address

the big questions of tomorrow. I need to head in a new direction and leave everyday politics behind."

Despite his carefree air, nothing has been particularly easy for Mr Soares. He spent 32 years in opposition to the authoritarian rule of António de Oliveira Salazar and then Marcello Caetano before a left-wing military coup overthrew the regime in 1974 and brought him to the forefront of a country in turmoil.

He went on to be prime minister three times in the late 1970s and early 1980s, but enjoyed little popularity when, helped by the IMF, he implemented stringent austerity. "I passed a slogan painted on a wall that read 'Soares Out!'. People were understandably angered by the hardships I had to impose to save the country from bankruptcy."

Once elected president in 1986, Mr Soares spurned ostentation and formality, never leaving his comfortable Lisbon flat to live in the opulence of the presidential palace. But far from being an ascetic, he is

known as a bon vivant who enjoys the best in food, wine and cigars and buys modern paintings.

His candid style and abhorrence of monetarist economics led to tensions with Mr Aníbal Cavaco Silva, the former conservative prime minister. But despite their contrasting styles, they succeeded in cohabiting for a decade as president and premier. Mr Cavaco Silva gave way to a Socialist prime minister, Mr António Guterres, in November.

Today Mr Soares is concerned that the future of Europe will be dominated by "grey, technocratic leaders" who rarely rise above day-to-day issues, instead of assuming their responsibility to offer a vision of the future.

"Europe today runs the risk of becoming a merely monetary union," more bent on meeting economic convergence criteria, he says, than tackling the social problems he would like a "united states of Europe" to address.

"People today sit in front of their television sets and feel overwhelmed by the calamities that flood into their homes. But I am not a pessimist or a cynic. The world is rediscovering that the best way forward is the defence of the values like freedom, solidarity and justice that I have fought for all my life."

Peter Wise on Portugal's President Mário Soares, who forgave and forgot

"I was imprisoned 12 times, tried three times, deported to São Tomé [one of Portugal's former African colonies] for a year and spent four years in exile in France."

He never advocated retribution against the dictatorship. "I was always against judging the old regime. Portugal needed to forgive, forget and move on. I would not enjoy the popularity that I do if it were not for this policy of tolerance."

Mr Soares was almost 50 when the collapse of the regime brought him into government. He was in no less danger in the aftermath of the

Jobs initiative fails to find common ground

By Wolfgang Münchau in Frankfurt

The Alliance for Jobs initiative to tackle Germany's mounting unemployment appears to have been stillborn. German metal industry employers have warned that they will not commit themselves to a deal with the IG Metall trade union for 330,000 new jobs in exchange for wage moderation.

Mr Klaus Zwickel, who, as president of the IG Metall metalworkers' union, came up with the initiative, yesterday attacked employers and warned that "moderate wage deals with IG Metall will happen only if new jobs are created".

The logjam in the talks is the latest setback in Germany's fight against unemployment, which reached another post-war high this week with 4.3m people out of work, equivalent to 11.1 per cent of the workforce.

After three failed rounds of official talks, it has become clear that while both sides still talk about the Alliance for Jobs they mean different things. For Mr Zwickel, who proposed the idea at the trade union congress last year, the alliance means an inflation-only wage round in 1997 in exchange for a commitment by employers to create 330,000 jobs by the end of 1998. An industry-wide overtime ban would encourage companies to hire more workers.

For the employers, overtime is not the issue. "We cannot lead a successful campaign against unemployment by fumbling with overtime and part-time work," said Mr Werner Stumpfe, president-elect of Gesamtmetall, the metal employers' federation. "What we need is a 20 per cent cut in wage costs because our wage costs are 20 per cent higher than those of our competitors in other industrialised countries."

An overtime ban "does not lead to a cut in wage costs. On

the contrary, it means a limitation of the ability by industry to react quickly. I don't think anyone really believes that such a ban would have any impact on the 4.3m unemployed," Mr Stumpfe said.

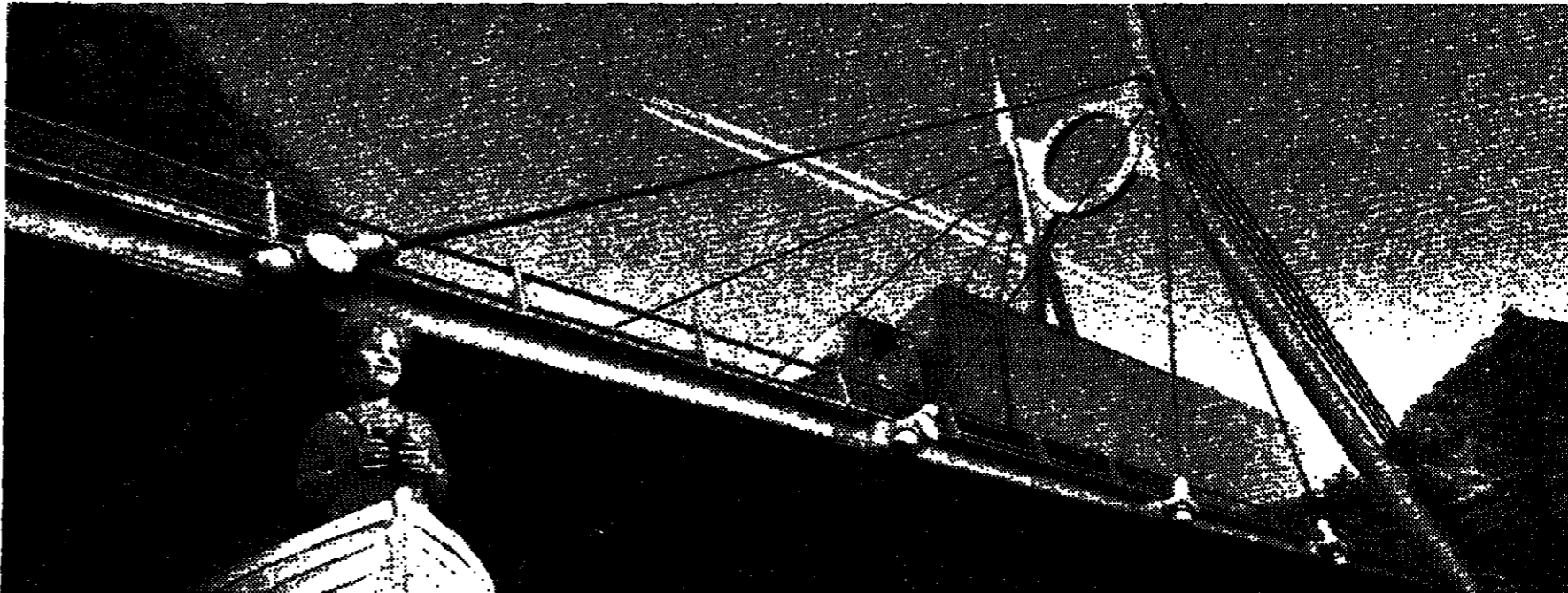
Mr Hans Peter Stihl, president of the German Chambers of Industry and Commerce, went as far as referring to an overtime ban as a "casus belli".

Mr Stumpfe also proposed radical labour market reforms, such as the introduction of Saturday and Sunday work and longer hours if necessary.

One of the most controversial aspects of Mr Zwickel's proposal is the demand that employers deliver their part of the bargain first - by creating 110,000 new jobs this year - before the union agrees to an inflation-only wage deal. The employers call this a cynical ploy, because last year's wage rise has added 11 per cent to the average salary bill in 1995 and 1996, apart from the 5 per cent increase in costs as a result of the D-Mark's rise last year. Rather than hiring 100,000 more workers this year, employers say they will fire that amount unless costs fall substantially.

The third party in this deal is the German government. Never one to ignore public sentiment, Chancellor Helmut Kohl recently discovered unemployment as a central political issue and put his weight behind the Alliance for Jobs. But he has studiously kept out of the current dispute, avoiding alignment with either side.

The German public, like Mr Kohl, still hankers for a jobs scheme "that stays within the country's tested and familiar framework of consensus politics. But such a solution appears increasingly remote. As a last resort, Germans are waiting in the hope that economic recovery, which forecasters are promising for the second half of the year, will do the trick."



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NEWS: ASIA-PACIFIC

China's old guard rattle their sabres

By Tony Walker in Beijing

China's test firing yesterday of missiles into waters perilously close to Taiwan has raised the stakes considerably over Taiwanese moves towards independence, according to defence attaches based in Beijing.

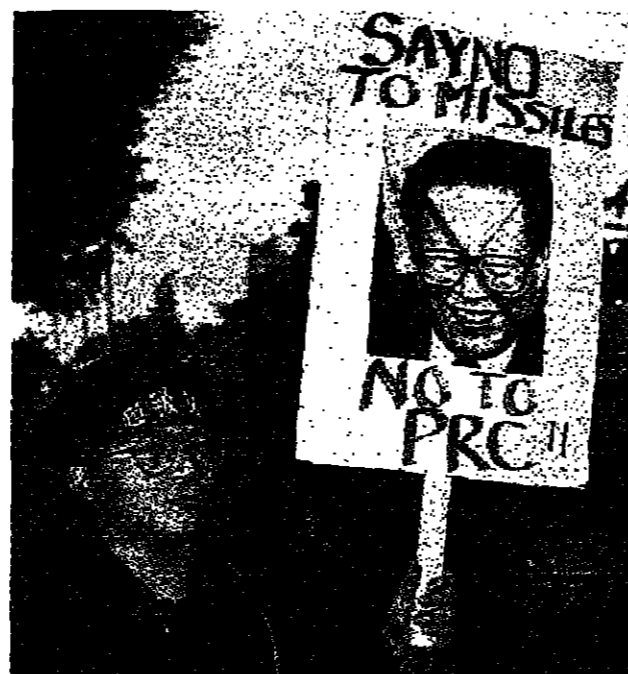
The missile tests, along with a large exercise in the Taiwan Strait involving China's three services and about 150,000

men, also underlined China's military sophistication, the defence experts said.

But they warned that China risked overdoing its resort to military action to intimidate Taiwanese voters ahead of the presidential election on March 23. "It is like painting yourself into a corner," said one diplomat. "Once you set out to make a military gesture it is difficult to back down."

The attaches said China's sabre-rattling tended to indicate increased military influence over Taiwan policy. "This is a case of old military hardliners pushing for a robust stance and getting their way," Chinese leaders, meanwhile, sent mixed signals about the military exercises which are to continue until Wednesday. "The Taiwan compatriots don't have to panic over the pending military exercises by the People's Liberation Army," Mr Qian Qichen, the foreign minister, told deputies to the National People's Congress meeting in Beijing.

"What they should really worry about is that the 'independence' seekers, with support from some international forces bent on splitting China, continue on their wrong path. That will be a real disaster," Mr Jiang said. China regards Taiwan as a renegade province and has refused to renounce the use of force to bring about reunification. Military leaders also warned that one of the aims of



A protestor in Taipei yesterday shows his disapproval of President Jiang Zemin of the People's Republic of China

long as Taiwan authorities do not cease activities to split the motherland for a single day," Mr Jiang said. China's military "must build up its strength and at all times be prepared to take responsibility for the unity of national territory and national reunification."

An increased defence capability was to add weight to China's reunification claims. General Chi Haotian, defence minister, said China's military "must build up its strength and at all times be prepared to take responsibility for the unity of national territory and national reunification."

Australian premier names his cabinet

By Nikki Tait in Sydney

Mr Alexander Downer, the former Liberal party leader, was yesterday confirmed as Australia's new foreign minister, when Mr John Howard, prime minister-elect, released details of his ministerial line-up.

The appointments follow the conservative Liberal-National coalition's crushing victory in last week's federal election which ended 13 years of Labor government.

Mr Downer, whose family has been involved in Australian politics for several generations, had been shadowing the

foreign affairs portfolio since ceding the coalition leadership to Mr Howard just over a year ago, and was thought to have been promised the job if the coalition won government.

He was forced out of the leadership after a number of public gaffes, and this prompted speculation that the position might ultimately go to Senator Robert Hill. In the event, Senator Hill, who had been the coalition's leader in Senate, becomes environment minister.

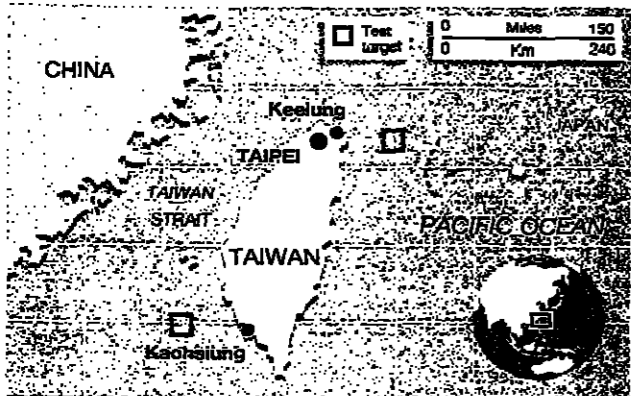
The big surprise in the new ministerial line-up was the appointment of Mr John Fahey

as finance minister. Mr Fahey was premier of New South Wales, until he lost an election last year.

The finance ministry will be heavily involved in the coalition's plan to privatise one-third of Telstra, the large telecommunications group.

Mr Fahey's inclusion will at least bring some experience to the ministry; aside from Mr Howard, none of the new ministers has any experience of government. The position of federal treasurer had already been awarded to Mr Peter Costello, Mr Howard's deputy.

The new government will be sworn in on Monday.



Panicky Taipei runs out of dollar bills

By Peter Montagnon and Laura Tyson in Taipei

Mr Frank Chen, a Taipei-based transport industry executive went to Hong Kong for the day on a business trip on Thursday. On the way out, the plane was full of people, many of them overseas businessmen, glad to be leaving Taiwan before China's missile tests.

On the way back it was full of Taiwanese who had been working in mainland China. They were glad, he says, to be coming back to civilisation regardless of what the tests

might bring. Such is the bravado with which Taipei is facing its latest challenge.

Nonetheless, Mr Chen admits to being disconcerted by the speed with which China launched its first test early yesterday morning. "This time they are serious, not like the last two tests," he says.

While the predominant mood remains defiant, there is also an air of nervousness, not so much because people expect an attack soon, but more because of the way the relationship with China has deteriorated and the uncertainty

that surrounds it. Airlines report that flights out are busier than usual and hotels say some foreigners are cutting short their trips. There has been a run on dollar bank notes - exhausting the holdings of most large institutions.

There have also been occasional reports of food hoarding, though observation of the Sung Chin supermarket in the northern Taipei suburb of Tien Mu suggests there was more of a run on disposable nappies than on rice, a sign that some aspects of affluent middle

class life carry on regardless.

Some, like Mr Chen, blame the government for putting the idea of hoarding into people's minds. It announced on Thursday that Taiwan has enough rice stored for seven months, so a few people have decided to follow its example. Similarly, the central bank's insistence that it will defend the currency has sparked concern about devaluation. Taiwanese have been buying dollar bills because they fear the authorities will close the banks in a crisis. Then cash will be king.

Taihsin International, a small private bank, sold \$200,000 in banknotes alone at one branch in central Taipei on Thursday. Yesterday, its banking hall was empty because there was no currency left, though queues were still forming at Citibank across the road. The central bank is organising an airlift of more dollar bills.

"I'm not afraid, but one of my friends bought \$20,000 in cash and some of my friends are thinking of buying gold," said Ms Shih Mei-hui, a teacher.

Deadlocked Japan may shelve home loan bailout

By Gerard Baker in Tokyo

Japan's budget stalemate continued yesterday, as government and opposition again failed to make headway on a controversial plan to spend public money towards a bailout of the country's bankrupt home loan companies.

Opposition legislators prevented consideration of next year's budget for the fifth successive day by blocking entry to the committee room in which the debate was due to be held. Representatives of the main opposition New Frontier party met members of the ruling parties in an effort to break the deadlock but reported no progress.

Talks are expected to continue over the weekend, though officials warned there was little prospect of any agreement before next week at

the earliest. That raises the likelihood that the government will be forced to prepare a provisional budget covering non-controversial expenditure for the start of the new fiscal year next month.

The ruling parties have offered minor concessions, including a promise that parliament would have a chance to consider the bailout plan in detail, separately from the rest of the budget. But there were also suggestions yesterday that the government might be forced to put the controversial plan on hold until the completion of a full investigation of the circumstances surrounding the collapse of the mortgage lenders.

Mr Ichizo Ohara, the agriculture minister, whose ministry is closely involved in discussions over the bailout plan, hinted at a possible freezing of

the scheme. He said a suspension of the plan was an option under consideration.

The ministry is trying to prevent any changes to the plan that might force the country's agricultural co-operatives, some of the largest creditors of the jusen, to shoulder a greater share of the costs of the liquidation.

The NFP is eager to secure maximum political embarrassment for the government from its highly unpopular bailout proposal.

Its leaders are also pressing the cabinet to force Mr Koichi Kato, the secretary-general of the Liberal Democratic party, the largest coalition member, to testify before parliament over a donation he is alleged to have received from a bankrupt borrower from one of the jusen.

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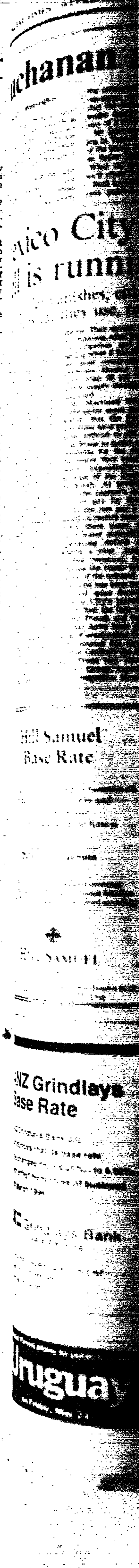
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NEWS: INTERNATIONAL

Buchanan and Forbes reject Dole call to give up

By Jurek Martin in Washington

Mr Bob Dole, fresh from another sweeping primary election victory in New York on Thursday, yesterday called on his remaining rivals for the Republican presidential nomination to withdraw in the interests of party unity.

But neither Mr Steve Forbes nor Mr Pat Buchanan, second and third respectively in New York, accepted the invitation. Ms Bay Buchanan,

the conservative pundit's sister and campaign manager, even suggested that the nomination of the majority leader would "give real life to the idea of a third party".

Mr Buchanan himself, campaigning in Tennessee and Louisiana, two of the seven states holding primaries on Super Tuesday next week, said: "What we need is one victory and we'll crack this thing wide open."

Both he and Mr Forbes, the magazine publisher, complained once

again that the New York primary had been rigged to favour Mr Dole by his biggest state booster, Senator Al D'Amato, and was therefore not a fair test.

A federal court order had eventually placed Mr Forbes's name on all ballots but Mr Buchanan's only appeared in 29 of the 32 New York congressional districts. Yesterday, Mr Buchanan declared that "Titotism is dead and so soon will be D'Amatoism".

In the event, Mr Dole won about 54 per cent of the popular vote, Mr Forbes 30 per cent and Mr Buchanan 14 per cent. The majority leader took all 98 delegates at stake on Thursday and will pick up another nine to be awarded later.

The Associated Press count gives him 383 of the 396 needed for the nomination, well ahead of Mr Forbes with 73 and Mr Buchanan on 62. A further 362 delegates will be won on Tuesday, with Texas and Florida the

biggest prizes. Local polls in both favour Mr Dole.

Mr Ross Perot, the independent candidate of 1992, denied that Mr Buchanan or Mr Forbes could bid for his support. In the Washington Post yesterday, the Texas billionaire said Mr Buchanan's protectionist message "is not mine" and he scoffed at Mr Forbes's credentials as a chief executive, saying: "I didn't inherit my business, did I?"

Mr Dole, in Florida, said Mr Buch-

anan was merely "a spoiler" now, but conceded that he posed a threat to needed party unity in the November elections. "If he wants Bill Clinton for four more years, he can have him."

He slightly spoiled the New York victory party when a microphone, connected to his satellite feed from Florida, broadcast him privately grumbling to his wife about the length of Mr D'Amato's speech.

Twain pillars of old politics, Page 10

Polls stay open for eager Iranians

By Robin Allen, recently in Tehran

Despite an almost complete absence of public debate and only one week of "campaigning", there was a mass turnout in the first round of Iran's parliamentary elections yesterday. Polling stations were kept open longer than scheduled to cope with the numbers.

More than 32m people over the age of 15 were entitled to vote for 270 seats in Iran's majlis (parliament). An overwhelming turnout had been encouraged by leading members of Iran's clerical establishment.

But political commentators were also attributing the turnout to widespread economic dissatisfaction. They pointed to heavy unemployment, an ossified bureaucracy and corruption, not least among the state foundations which dominate the domestic economy. Voters may have also been expressing discontent with the economic irrelevance of the clergy and soaring inflation, estimated by some at over 60 per cent.

Although political parties are allowed under the Islamic republic's constitution, they are banned in practice by the regime. The contest is generally seen as one between two rival groups, one entrenched conservative and the other made up of younger economic reformers.

The first, traditional conservative group, is the JRM (Assembly of Combatant Clergy), which had a majority of 150-160 in the outgoing majlis. The reformers are represented by a new faction, the Servants of Construction, or G-16 (from the number which made up the original group). They include Mr Mohsen Nourbakhsh, the central bank governor, and Mr Gholamhossein Karbaschi, Tehran's controversial mayor as well as other government officials.

Results of the first round are expected today. The run-off is to be held in a fortnight.

Mexico City finds the well is running dry

As the aquifer vanishes, citizens may have to start paying for what they use, reports Leslie Crawford

Beneath Mexico City's choking smog, an unseen, but far more sinister, environmental disaster is waiting to happen.

The main source of water for 20m people - an aquifer which lies below the sprawling city - is running dry. Mexico City is sinking at the rate of 50cm a decade as a result of the falling water levels, exacerbating the city's natural propensity to flood.

Furthermore, scientists have begun to detect dangerous cracks in the clay sediments of the valley, which threaten to contaminate the aquifer, which lies only 100 metres below.

Mexico City's most pressing problem is not the smog, but the scarcity of water, says Mr Alfonso Martinez Base, head of Mexico City's water authority. "We face the prospect of either dying of thirst, or drowning in our own sewage."

The capital consumes 62 cu m of water a second. Two-thirds of this is extracted from the aquifer. The rest - 19 tonnes of water a second - must be pumped from dams 120km away and up a steep 1,000m gradient to reach the metropolis. The electricity required to pump the water is equivalent to what a medium-sized town uses in a day.

Mexico City's insatiable demand for water has brought it into conflict with adjoining

states. They accuse the capital of rationing what they can use for irrigation, and then punning what it has stolen. Even the most conservative studies estimate Mexico City loses more than 30 per cent of its water supply through leakages and theft.

Mr Martinez believes the metropolis must start saving water. But the two obvious solutions have proved to be the most difficult to put into practice. Plans to meter and charge residents for the real cost of the water they consume have been repeatedly delayed because of the likely political backlash. At present, about half the capital's inhabitants do not pay for their water, while the rest pay a flat tariff based on meters read only once every three years. Mr Martinez's water authority runs an operating deficit of about \$400m a year. And without proper revenues, he cannot finance the repair and maintenance of the network.

No one has been more aware of, and more frustrated by, Mexico City's looming water crisis than the four companies - two French and two British - that have been given the task of overhauling the system.

Lyonnais des Eaux, Compagnie Générale des Eaux, Severn Trent and North West Water Group, together with their respective Mexican part-

ners, were selected three years ago to prepare a water users' census, install hundreds of thousands of electronic meters, map out the city's 12,000km of pipes, and repair them. Each company was given a quarter of the city to work on with contracts worth a total of \$1bn over 10 years.

However, bureaucratic delays and government budget cuts have meant that only a fraction of the scheduled work has been commissioned to date. The water authority, strangled like most government departments by last year's financial crisis, has been forced to curtail its modernisation programme and has been unable to pay promptly for the work done.

"It has been very difficult to plan ahead because the rhythm of work has been so erratic," says Mr Eduardo Brittingham, president of Industrias del Agua, a joint venture between Severn Trent and Mr Brittingham's family company, Socio Ambientales de México. "We train people, and then have to fire them because of government delays. It is all very inefficient."

Three years into the programme, only one Severn Trent technician remains in Mexico. Mr Brittingham says experts are now flown out from the UK when they are needed. He says it will be a while



Insatiable demand: A boy collects water from a standpipe in Mexico City

before the company recovers its initial \$20m investment in the Mexican venture.

After the contracts were awarded in 1993, the four companies had to wait a year before the government began commissioning work. Since then the tasks of installing new water meters in every household and mapping out the water network have been a stop-go affair, depending on the trickle of funds from the water authority's budget. The main task of repairing the network to stem water losses has not even begun.

Lyonnais des Eaux has

coped with the intermittent nature of the project by cutting overheads and sub-contracting most of the work.

Mr Jean-François Druz, Lyonnais's representative in Mexico, says his company would much rather have gone to work in Mexico City with a comprehensive writ to manage the entire water system rather than the piecemeal services it now provides.

"We have no investment commitments in Mexico, whereas in Buenos Aires, where we were awarded a 30-year concession to run the water system, we are investing \$4bn to improve services," Mr

Druz explains. With time, he hopes that the present service contracts will evolve into full concessions.

The water companies feel trapped by political infighting in the government. In theory, they are due to start metering and billing consumers this month for the real rate of water consumption. Inside the city's government, however, a furious debate is raging over whether it can afford such an unpopular move.

"We must start billing consumers to pay for improvements to the system," Mr Martinez says, "but the popular outcry will be enormous. Peo-

ple are already suffering great hardships because of the recession. Politicians face elections next year. The timing, to put it mildly, is not ideal."

But the city needs much more than mere maintenance services. Mr Martinez says alternative sources of water must be found to replace the depleted aquifer. The capital also needs to build at least four new sewage treatment and water recycling plants.

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NEWS: UK

First details of costs are sent to Names

By Ralph Atkins, Insurance Correspondent

Lloyd's of London last night despatched to 34,000 Names first details of the cost they can expect to pay towards resolving their own financial affairs and the insurance market's future.

ity statements" set out losses incurred by Names; the cost of transferring liabilities outstanding on policies sold before 1993 to a new company called Equitas, and the allocation of the £2.8bn offer. Statements were sent worldwide, excluding California where legal

LLOYD'S

LOYD'S OF LONDON actions by securities regulators prevent Lloyd's communicating with Names. Early signs suggested many statements include errors. But Lloyd's reckons 95 per cent of bills will be within £15,000 of final figures.

Checking the estimates

By Gillian O'Connor Personal Finance Editor

The main document which Names will receive from Lloyd's runs to a mere four pages. But it is flanked by a 48-page guide explaining how to read it. Available on request through the helpline is a video which covers some of the same ground.

what you will be expected to pay this summer. If you took out a stop-loss policy, the next line explains how much of your liability it is likely to cover. And for you the relevant figure is the "Total estimated (cost)/surplus of finality". If you still have funds in Lloyd's, the next line

Lloyd's has set up a helpline to assist Names. It will be open from 09:00 to 22:00 GMT on weekdays from March 11 to April 29 inclusive. The freephone numbers will be: US: 1800 4141023 Australia: 1800 1274983 Canada: 1800 8957193 New Zealand: 0800 4411896 South Africa: 0800 998168

Calls from other countries will not be freephone and will require UK prefix and then: 01634 8149432.

shows the total. And the "Estimated (cost)/surplus of finality after funds at Lloyd's" tells you how much extra, if anything, you would have to pay if you chose to use those funds to meet some or all of your finality bill - and are not involved in later years.

Do not assume "finality" means that, by paying up, you will be let off the hook for good. Even if Equitas goes ahead - and the scheme could collapse - finality gives names full protection from their liabilities only if Equitas remains solvent. If it were to collapse, policyholders would - at least in theory - be able to press their claims against the individual names who insured the risks originally.

main "errors and omissions" insurers which provided Lloyd's agents with protection against legal awards. That suggested the £800m expected from those who would pay court damages should be met comfortably. Extra funds from auditors, brokers, Lloyd's agents and bank loans would push the total above £3bn. Revised individual figures will be sent in May and approval sought in June and July. Names' maximum payments should not exceed £100,000 once deposits at Lloyd's have been exhausted. But up to 500 who deliberately refuse to settle debts may face bills of up to £300,000.

For those who cannot afford the £100,000, a means-tested special fund is available to ensure a "reasonable lifestyle".

The economy Bank base rates down 1/4 point to 6%

Interest rates are cut for third time in four months

By Robert Chote, Economics Editor

Mr Kenneth Clarke, the chancellor of the exchequer, cut UK interest rates for the third time in four months yesterday, but in the process fuelled speculation that he would have to raise rates again later this year. The widely expected quarter-point reduction took bank base rates to 6 per cent.

UK central bank would not say whether Mr Eddie George, its governor, had backed the chancellor's decision when they met on Thursday. But analysts said the Bank was unlikely to have objected after its inflation report last month had said the chancellor was back on course to hit his target.

The size and timing of the cut had been widely expected in the City, but financial markets still reacted nervously. They fear the economy is already set to rebound sharply later this year, and that further rate reductions might therefore rekindle inflationary pressures. The short-term market - in which dealers bet on forthcoming base rate movements - fell sharply. Dealers believe rates may have fallen as far as they are going to, and they are increasingly confident that Mr Clarke will have to raise them

later this year. "We are in the end-game for rate cuts", said Mr David Walton of investment bank Goldman Sachs. He said rates would probably be cut by only one more quarter-point, while other economists predicted rates would not change for the rest of the year. However, Mr Ian Shepherdson of gilt-edged market marker HSBC Greenwell, said the base rate cuts since December had been "an inadequate response to the alarming weakening in the UK economy over recent months". He predicted that rates might therefore be cut to as little as 5 per cent later this year.

UK NEWS DIGEST

Minister firm on Emu referendum



Mr Kenneth Clarke, the chancellor of the exchequer, signalled that he and other cabinet members had not given up their fight to end a government commitment to a referendum about adopting a single European currency. Mr Clarke said a decision on such a manifesto pledge was still several weeks away and nothing had been decided. His remarks contrasted with those of Mr John Major, the prime minister, who told the House of Commons on Thursday he had "made it clear on previous occasions" that "a referendum on joining a single currency could be a necessary step".

Northern Ireland Gains from peace dividend at risk

Minister for optimism heads for Washington

By John Murray Brown in Belfast

Baroness Denton describes herself as a born optimist. The habitually cheery Northern Ireland economy minister in the British government is trying to put on a brave face as she contemplates the business fall-out from the resumption of Irish Republican Army violence.



Baroness Denton: the former rally car champion is now a British government minister responsible for Northern Ireland

"It's just my feeling," she says. "But before, on the morning shuttle flight from London, you were having to stand up. It's not quite like that any more."

Lady Denton is probably better known as Jean Denton, who three times in the 1960s was the British women's rally car champion. Her title of Baroness was conferred for life almost five years ago, and is not inherited.

One of her main concerns in Northern Ireland is that investors and business people should not now turn their backs on the region. She is heartened by the robust response of the European Commission, which declared that its £266m (£407m) programme for peace and reconciliation was unaffected.

"We couldn't have been luckier with the commissioner [Mrs Monika Wulf-Mathies]," said Lady Denton. "It must be the only programme that's come in for approval at one council meeting and been approved at another." Next week Lady Denton travels to the US, where she will represent the British government at the White House's St Patrick's Day celebrations - another "high profile" occasion. She will also have a chance to talk to US officials and business people in the wake of the recent Irish Republican Army violence in England.

Lady Denton was predicting a few months ago that Northern Ireland could be the fastest growing UK region in 1996. The picture looks more doubtful now. The minister confirmed that the £106m savings in the 1996-97 security budget, announced in December by Sir Patrick Mayhem, chief Northern Ireland minister in the British government, would not now take place.

The Northern Ireland Economic Research Council projected growth of gross domestic product in 1995 at 3.5 per cent, 1.4 per cent of which it put down to the peace dividend. For 1996, the council was looking at a figure of 2.5 per cent, 0.9 per cent due to the peace process. "Much of that gain could be reversed," said Mr Caspar Swales, an economist at the organisation. "Tourism will be hit on the head."

At this early stage, evidence for the negative effects following the end of the IRA ceasefire remains anecdotal. For existing manufacturing, the minister predicts that many of the companies will be little affected. "All the big companies had the great joy that we all had from the ceasefire, but it neither slowed them down nor sped them up. People forget that a lot of our achievement has come from companies that are here."

The minister's Make It Back Home scheme - aimed at luring back some of the 200,000 people who left Northern Ireland during the Troubles - is continuing. At meetings at Vancouver and Los Angeles, after the recent bombings, there was a respectable turnout, she said.

But the two business areas which are likely to be hit by a full resumption of violence are

tourism and inward investment. Hoteliers report that some conferences have been cancelled. But as the minister was quick to point out, the Dublin-based hotel group, went ahead with the announcement of a £24m hotel investment in Belfast city centre just days after the London bombing.

On investment from outside Britain, the minister said negotiations were continuing unchanged on all investment deals, although she conceded that if the violence were to resume in full, it might slow the process. "I think we've gone two steps forward, and I don't think we've yet fallen back one step," she said.

In an effort to provide a measure of the impact of the Canary Wharf bombing in London's Docklands district, Lady Denton ordered her staff to prepare a study of how the share prices of Northern Ireland's main listed companies had been hit. "There was only one that took a beating, and that was Northern Ireland Electricity - and that recovered," she said.

More rail assets sold

British Rail, the national network, agreed the sale of two more of its 13 track renewal and maintenance companies, bringing to five the total privatised. One more is expected to be sold next week. Central Infrastructure Maintenance Company, the largest of the 13, has been bought by GT Railway Maintenance, a joint venture between GEC Alsthom and Tarmac Construction, for £18.8m (£28.8m). CIMCo employs 3,900 people and has turnover of nearly £160m.

The second deal was for the sale for £15m of Western Infrastructure Maintenance (WIMU) to Amey Railways, a joint venture between Amey and Western's management team. Western employs more than 2,500 people and has turnover of about £100m. Amey will have a 75 per cent stake in the joint venture with WIMU's management holding 25 per cent. Amey will be responsible for maintaining 3,675 kms of track from Paddington station in London to south-west England and south and central Wales. It said that some £100m was expected to be spent by Railtrack over the next decade maintaining and improving the national rail network. Railtrack is the state-owned infrastructure company which is soon to be privatised. WIMU had a £300m order book, spread over five years, and was in strong position to win repeat business as individual contracts ran out, said Amey. CIMCo is the second infrastructure company to be acquired by Tarmac and follows last week's purchase of Central Track Renewals for £2.9m. The sale of Eastern Track Renewals, the sixth company to move into the private sector, to its management for about £15m is expected to be completed next week. The track renewal and maintenance companies represent one of the largest parts of the railway industry still to be sold.

Charles Batchelor and Andrew Taylor

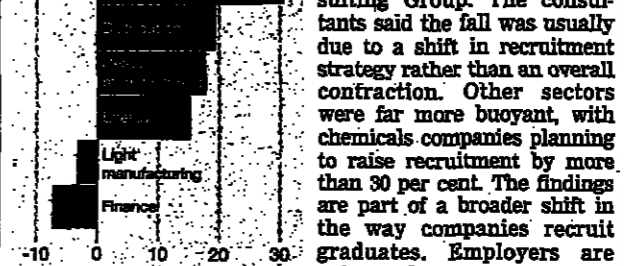
Skye protestors rebuffed

People who have refused to pay tolls on the privately-funded bridge from the Scottish mainland to the Isle of Skye suffered a defeat when the tolls were judged by a sheriff to be lawful. Last week Mr Neil Murray, advocate for 190 people charged with non-payment of the £4.20 (£6.50) toll, argued that the government had acted beyond its powers in introducing the toll order in 1992, and that the tolls were contrary to the 1707 Treaty of Union between England and Scotland. But Sheriff Fraser ruled in favour of the Crown in test cases against three of the accused, and refused the defence a general right to appeal. The trials of people accused of non-payment will take place in April and May.

James Buzton, Edinburgh

Graduate recruitment up

Financial sector employers intend to cut their graduate recruitment this year, unlike virtually any other sector, says a survey by the PA Consulting Group. The consultants said the fall was usually due to a shift in recruitment strategy rather than an overall contraction. Other sectors were far more buoyant, with chemicals companies planning to raise recruitment by more than 30 per cent. The findings are part of a broader shift in the way companies recruit graduates. Employers are using self-assessment questionnaires to eliminate unsuitable candidates, and also to help potential recruits decide whether they would really fit in. A separate survey by the Cranfield School of Management also found significant changes in graduates' career development once recruited. Graduates were now increasingly employed immediately in "real" jobs rather than being sent on training schemes.



John Auhers, Public Policy Staff

Hares dwindle: A survey of the brown hare indicates that numbers have dropped from about 4m at the beginning of the century to an estimated 800,000. The survey was commissioned by the Joint Nature Conservation Committee and carried out by Bristol University with the help of 500 volunteers. The committee blames the steep decline on changes in the rural landscape and farming practices rather than hunting and shooting. Brown hares are thought to have been introduced to Britain by the Romans.

Aviation schools protest at licence rule

By David Boggis in London

Britain faces significant losses in earnings as a result of a ruling by the Civil Aviation Authority that will license flying schools in other countries to train airline pilots to UK qualifications.

Mr Peter Moxham, vice-president of the Oxford Air Training School, said yesterday: "This risks undermining the [UK flying training] schools." He was addressing delegates at the annual conference of the General Aviation Manufacturers and Trainers Association, (Gamta), which represents British aviation in the UK. Before the CAA decision, the school had expected turnover in 1996 of £15m (£23m). It now fears losing two thirds of that if schools in other countries can offer the same licences more cheaply. Other big flying schools represented at the Gamta conference feared the loss to overseas competitors of the entire UK airline pilot training industry.

The industry fears also that airline pilots who gained their licences in countries such as the US and Australia, where good weather can be relied on, will be less competent to fly in bad weather in Europe than pilots who have trained in the European environment.

Mr Moxham said: "During the last 13 months we have seen our market steadily eroded by our own CAA. The decision to license overseas schools to train to UK professional pilot qualifications has put us at a significant competitive disadvantage."

Figures from Gamta show that flying training was worth £20m to the UK economy in 1989. By last year that figure had dropped to £8m thanks partly to increasing competition from US flying schools. The UK is alone internationally in allowing competitor countries to train up to UK commercial pilot qualifications. Mr Scott Brown, an operations director of the US Federal Aviation Administration, told the conference: "We do not allow FAA-approved schools in Europe." He said requests for such training had been received from US Air Force personnel based in Europe but had been rejected.

Drop of 13.4% reverses steady rise in truck sales

By John Griffiths in London

Sales of new trucks fell sharply in February in the first significant reverse for many months. The decline provided a further warning to the government of possible economic slowdown.

Buying patterns in commercial vehicles, purchased wholly for business use, are regarded as a good indicator of economic activity. Statistics from the Society of Motor Manufacturers and Traders show that registrations of heavy trucks - those over 15 tonnes - fell by 13.4 per cent in February compared with the comparable month of 1995 to 2,311 vehicles. Registrations had been rising

virtually unchecked for more than a year before that, and the sharpness of the downturn has triggered industry fears that the market may go into reverse for the year as a whole. At the end of last year most truckmakers had been predicting modest growth for the whole of 1996.

The downturn was felt last month throughout the truck sector, although the market for light vans and panel vans remained marginally above year-ago levels. The society's figures show that registrations of all trucks over 3.5 tonnes fell by 12.1 per cent last month compared with February 1995 to 3,662 vehicles. This left registrations in the sector for the

first two months of the year 5.5 per cent down at 7,910. The van market fared slightly better, reflecting in particular activity in the small business sector. Registrations of small vans, those mainly derived from cars, rose last month by 9.7 per cent compared with February 1995 to 6,060. Those of panel vans, typified by the market-dominating Ford Transit, rose by 2.0 per cent to 9,943.

Imports captured a significant share of the market in February, with registrations rising by 14.9 per cent compared with February 1995 to 10,574 or 49.9 per cent compared with 44 per cent a year earlier.

Truck registrations Jan-Feb 1996

Vehicle Class	1996	1995	% change
Trucks (over 3.5 tonnes)			
Total	7,910	9,006	-13.4
Imports	1,504	2,275	-34.3
Van group (Van)	1,495	1,359	9.7
Mercedes-Benz (DAF Trucks)	1,339	1,377	-2.8
Land Rover (DAF Trucks)	1,29	1,101	17.3
Scania (Volvo)	1,118	1,411	-20.8
MAN	527	1,214	-56.6
EFF	389	1,411	-72.4
Renault	300	1,411	-78.0
Of which Heavy Trucks (over 15 tonnes)			
Total	1,128	1,300	-13.2
Scania (Volvo)	718	1,011	-29.0
Volvo	354	1,011	-65.0
Land Rover (DAF Trucks)	107	1,011	-89.8
Van group (Van)	313	1,111	-71.8
Mercedes-Benz (DAF Trucks)	298	1,011	-70.6
EFF	285	1,011	-71.8
MAN	259	1,011	-74.3
Renault	214	1,011	-78.3

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COMPANIES AND FINANCE

Havas denies CLT charge of 'betrayal'

By Andrew Jack in Paris and Raymond Snoddy in London

Havas, the French media group, yesterday fought back against accusations by Canal Plus...

As the row following the new deal deepened, Mr Jean-Claude Juncker, the prime minister of Luxembourg...

Regal's revamped bid wins chain

By David Blackwell

Regal Hotel Group has reached agreement to buy 60 hotels from the White Hart chain...

The price was not disclosed, but is understood to be close to the £122m which Regal initially agreed to pay...

Granada, the TV and leisure group, said it had not wished to inherit the Forte contract and would have been happy to retain the hotels...

Nintendo again delays launch of new games machine

By Michio Nakamoto in Tokyo

Nintendo, the video games maker, saw its share price tumble 2.6 per cent yesterday after confirming that it would again have to delay the launch of its new 64-bit games machine...

The Japanese company blamed difficulties in procuring sufficient semiconductors, as well as needing more time to develop software...

News of the delay highlights the turbulence in the video games market, as changes in technology and the emergence of new competitors have challenged the industry's traditional leaders...

Earlier in the week, Sega, Nintendo's long-time rival, said it was reducing the price of its popular 32-bit games machine in an attempt to compete more effectively with a rival Sony machine...

Sega also announced last week that it was taking a £26bn (£248m) extraordinary loss in the year to March to cover the cost of scaling back its European operations...

The Nintendo 64, which was developed with Silicon Graphics of the US, a leader in computer graphics, represents Nintendo's bid to regain the initiative from Sega and Sony...

However, Nintendo has not been able to procure enough of the advanced semiconductors - specifically, the 64-bit central processing units - required to produce the 500,000 units the Nintendo 64 is aimed to have on the market at the time of the launch...

Meanwhile, development of sophisticated software to match the increased processing power of the Nintendo 64 has been slower than expected...

Analysts expect Nintendo's new machine to be a success when eventually it reaches the shops. However, Sony's and Sega's success with their 32-bit machines, and the growing encroachment into the video games market by personal computers, have dented Nintendo's once unchallenged dominance of the market...

Software's David and Goliath join battle

Marc Andreessen, the 24-year old co-founder of Netscape Communications, is surprised to find his company in a bitter marketing battle with Microsoft, the world software leader...

Netscape Communications' moves to expand in corporate computing have put it on a collision course with Microsoft, writes Louise Kehoe



Marc Andreessen: Netscape chief denies his group wants to be 'the next Microsoft'

Wide Web to distribute information on internal computer networks, called Intranets.

With its new products, Netscape is aiming to expand its presence in corporate computing. Mr Andreessen introduced SuiteSpot, a set of programs for use on corporate servers...

To counter Microsoft, Netscape has slashed the prices of its new server programs. SuiteSpot programs will sell for about 20 per cent less than the previous generation of Netscape high-end server programs...

Mr Barksdale would prefer to avoid conflict with Microsoft. The server market "is a big ocean with a lot of room. Everyone can get out there and run their battleships around without running into one another," he said.

Already, however, Netscape and Microsoft are trading blows via their Internet Web pages, where they are attacking each other's products. Other software industry leaders - including Mr Larry Ellison - are pricing below cost

BET defence will stress restructuring

By Tim Burt and Geoff Dyer

BET, the business services group, is tomorrow expected to publish a defence document against the £1.9bn hostile takeover bid by UK rival Rentokil...

The company will urge shareholders to reject Rentokil's cash and paper offer, arguing that it fails to reflect BET's potential value following its aggressive restructuring and debt reduction programme.

The document is not expected to include detailed profits or dividend forecasts. Instead, it will point out BET's growth prospects following the five-year tenure of John Clark, chief executive, during which time the group has rationalised its activities from 150 companies to about 60.

Although the document is likely to suggest that improved cash flow has laid the foundations for a sizeable dividend increase, BET is expected not to reveal its hand on this until later in the bid process. It will emphasise that man-

agement has delivered a 20 per cent increase in operating profits over the last 18 months, in particular highlighting the performance of the textile services division where margins have risen to nearly 17 per cent.

In a separate development yesterday, Rentokil's main shareholder Sophus Berendsen, the Danish holding company, denied it was planning to reduce its stake if the bid succeeded. Under the terms of the offer, it could see its stake in Rentokil fall from 51.8 per cent to about 36 per cent.

Business hotels group plans float

By David Blackwell

Millennium & Copthorne, which has a portfolio of 23 business hotels, is seeking a full London listing next month. The group, a wholly-owned subsidiary of CDL Hotels International, is expected to be valued at about £350m.

It is aiming for a placing with institutions to raise £150m, including £100m of new money which will be used to reduce debt of £253m at the year-end. Flotation would cut gearing to about 35 per cent.

CDL, listed in Hong Kong, will retain about 58 per cent. It is in turn part of the Hong Leong group of Singapore, controlled by the Kwek family.

Mr Edouard Gremlich, chief executive of Millennium & Copthorne, said the flotation would help to raise the profile of the hotels, which are spread between the UK, US and continental Europe.

They include the Gloucester and the Chelsea Hotel in London and a 42 per cent holding in New York's Plaza Hotel.

Last year the group made operating profits of £34.6m on sales of £158.9m, after adjusting to include the Copthorne group acquired in October - taking the total number of rooms to 6,684. It owns and manages 18 hotels, with management contracts on three. The hotels are treated virtually as separate companies, leaving the head office with a staff of 28 and a budget of 1.5 per cent of turnover.

South West Water takes aim at Wessex

By Patrick Harverson

South West Water yesterday fired the first salvo in its defence against a potentially hostile bid from Wessex Water by complaining of the "uncertainty and disruption" that its neighbour's approach would cause over the next few months.

South West said it was willing to consider proposals which fully reflected the value of its businesses, but warned it would defend vigorously the interests of shareholders, employees and customers. It criticised the timing of Wessex's

announcement, which came late on Wednesday. Mr Keith Court, chairman, said: "That announcement recognises neither the scale of the challenges that SWW, in contrast to Wessex, inherited on privatisation nor the success of SWW's massive modernisation programme."

Wessex said it had to reveal its intentions on Wednesday because stock market speculation had pushed up South West's share price. The delay between expressing its interest and making a formal bid was inevitable because of the requirement that all offers for water companies must be

examined by the Monopolies and Mergers Commission. Unless the two companies can reach an agreement - and yesterday Wessex said South West had rejected its offer of talks - the "phony war" is likely to last until the MMC rules on the proposed bid. Advisers to the companies do not expect the outcome until early June.

Wessex intends to make an offer for South West shares at a premium to Tuesday's closing price of 508p. Yesterday South West's shares climbed another 8p to 610p, while Wessex rose 3p to 327p.

Conservatism stifles the Gunners' fire

Mr Peter Hill-Wood, chairman of Arsenal, has been in football long enough to know that even the most business-minded of club directors can be lulled by the sport's intoxicating passions.

"In some ways football is not that different to other businesses," says the former Hambros banker. "Your income still has got to exceed your outgoings. The big difference, however, is that it's very instant and very emotive. The instant rules the head too often in this game."

No one can level that charge at Arsenal, where the head has held sway over the heart for the best part of a century. There may be bigger and more profitable clubs in British football, but there are few that are more financially secure.

"I can't ever think of a time when we have not made an operating profit," says Mr Ken Friar, Arsenal's chief executive and a 40-year stalwart at the north London club. Last year the club made a trading profit of £24m, and even after player transfer fees it still showed a pre-tax profit of £1.9m.

Yet it is not as if the club is quite as frugal as the team's famously stingy defence of the 1980s and early 1990s. The redevelopment of Highbury stadium has just been completed at a total cost of £31m, and in the past year another £12m has been spent on buying new players. Then there was a new £1m spent last year on a new £1m spent last year on a new goods warehouse for Arsenal merchandise.

It has been able to invest large sums in the stadium and the team without the two sources of funds that sustain many similar-sized British clubs: a stock market listing (Manchester United and Tottenham Hotspur) or a multi-millionaire benefactor (Newcastle United and Blackburn).

Instead, the money has come from a wide variety of sources: a bond issue, leasing out luxury boxes, a football trust grant, annual profits (all of which are ploughed back into the club), occasional player sales, and modest bank borrowings. As Mr Hill-Wood says: "We try not to borrow money if we can help it."

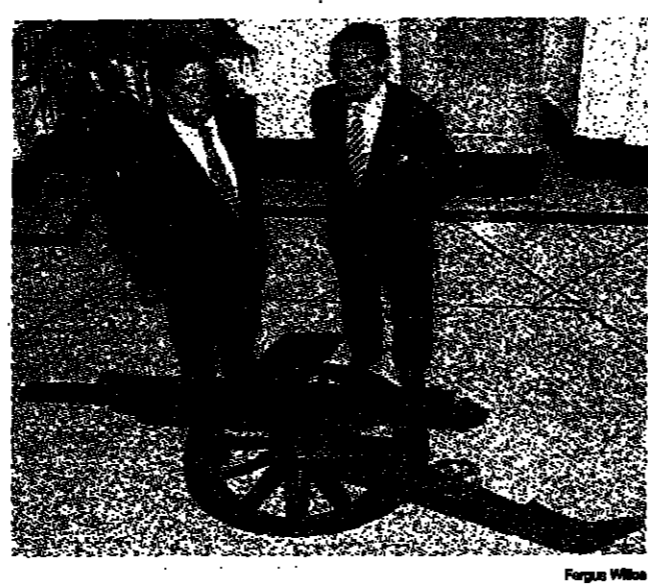
In the last in a series on football club finances, Patrick Harverson takes a look at Arsenal

European competition next season. Reaching Europe is vital to every big club, and Arsenal is keen - for financial as well as footballing reasons - to repeat its European successes of 1984 and 1995.

"Getting to the finals in Europe is really big money," says Mr Hill-Wood. Not qualifying for Europe, as happened to Arsenal after its defeat in the European Cup Winners' Cup final last season, is an expensive failure. "Losing that final was very costly financially as it would have given us another year in Europe and with it possibly another £4m or £5m," says the chairman.

Therefore, the pressure is now on the club to spend more money on new players so that it can win domestic trophies and return to European competition. Mr Bruce Rioch, its ambitious manager, wants to overhaul the Arsenal squad, but he is reportedly worried the money will not be there to allow him to reshape the team in his image. He may be right.

The club's revenues this year are unlikely to provide the extra cash required because there will be a large hole in its income from broadcasting, advertising and other commercial activities due to the club's absence from Europe. Gate receipts are unlikely to have increased much from last year's £11m, and there does not appear to be much room for growth in merchandise sales from the club's retail outlets.



Peter Hill-Wood (left) and Ken Friar: 'we try not to borrow'

European competition next season. Reaching Europe is vital to every big club, and Arsenal is keen - for financial as well as footballing reasons - to repeat its European successes of 1984 and 1995.

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Siebe market share improves

Siebe, the international controls and appliances manufacturer, yesterday issued a bullish trading statement despite patchy conditions in some of its main markets. The company, which is expected to report increased

pre-tax profits of about £30m (£275.1m) this year, said its market share and order backlog was rising even though demand for temperature and appliance controls was generally flat in North America and weakening in continental Europe.

HERALD INVESTMENT TRUST plc. Placing and Open Offer. SBC Warburg. 30,000,000 'C' shares of 25p each at 100p per 'C' share payable in full on application.

COMPANY NEWS: UK

SBC Warburg loses roles in Halifax flotation

By Alison Smith, Investment Correspondent
Almost 10m Halifax savers and borrowers will be eligible for free shares when the society floats in the summer of next year.

The merger worked out, and expressed some anxiety about whether personal relationships at senior levels would be maintained. Halifax said its decision "arises out of the management of the relationship and following a potential conflict of interest."

Reed Elsevier drops sale of consumer book division

By Alice Rawsthorn
The consumer books division, which is one of the UK's largest book publishers with titles including Hamlyn, Reinemann, Methuen and Secker & Warburg, was put up for sale last July with other subsidiaries.

Chairman resigns from BAT financial services

By Alison Smith, Investment Correspondent
Mr George Greener yesterday resigned by mutual agreement as chairman of the UK financial services businesses of BAT Industries, the tobacco and financial services group.

NEWS DIGEST

Ennemix hits out at Redland

Ennemix yesterday accused Redland, the large building materials conglomerate, of trying to buy the east Midlands and East Anglian aggregates company "on the cheap".

UBS completes bought deal

Union Bank of Switzerland and Commerzbank got away by the skin of their teeth yesterday when they completed a DM574m (£250m) bought deal just hours before a collapse in stock markets on both sides of the Atlantic.

Sainsbury joint MD resigns

By Tim Burt
J Sainsbury yesterday announced the departure of one of its most senior executives following a management shake-up designed to revive its UK supermarket sales volume and market share.

Goodbye to all those little boxes

Fingers burnt in the PC market, ICL is concentrating on systems and services, writes Paul Taylor

ICL's transformation from an old-style vertically integrated computer company selling proprietary hardware and software is now almost complete.



Peter Bonfield: the PC sold well, but faced mounting losses

ICL has not been alone in attempting to make this switch. International Business Machines, Digital Equipment and other large computer makers have been forced to report huge losses and shed tens of thousands of jobs in order to survive while expanding their systems integration, outsourcing and other computer services operations.

Enlarged Greggs rises 9% to £13m

By Chris Tighe
Greggs, Britain's biggest retail baker, said it expected to start unlocking the "tremendous potential" of its Baker's Oven acquisition during 1996.

Orange attracts near 100,000

Just under 100,000 private individuals have expressed interest in buying Orange Communications shares when the company is floated later this month, according to unofficial estimates.

Cable groups confirm talks

The US parent companies of TeleWest and Nynex CableComms were yesterday forced to confirm discussions had taken place over the UK's two biggest UK cable groups.

Mallett unchanged at £1.2m

Difficult trading led Mallett, the antique furniture, glass and art works group, to report virtually unchanged pre-tax profits of £1.33m for 1995, on turnover of £9.94m, against £10.2m.

Dailywin warning hits shares

Shares in Dailywin fell 3p to 17p yesterday after it warned of disappointing sales in the first part of 1996. However, it said profit for the year to March would not be significantly different from last time's £2.96m.

Malaya jumps to £2.1m

Malaya Group, the motor distributor, more than trebled pre-tax profits from £617,000 to £2.09m in 1995, on turnover 85 per cent higher at £315.2m.

TI link with Goulds Pumps

TI Group, the specialist engineering and aerospace equipment manufacturer, announced a strategic alliance designed to lift sales of its John Crane mechanical seals.

Allied Radio in £4.5m sale

Allied Radio, with broadcast licences covering Reigate, Crawley and Greater Manchester, yesterday agreed to a £4.5m cash offer from IRG, the AIM-quoted commercial radio group, and announced pre-tax losses of more than £5m.

LEGAL NOTICES

In The High Court of Justice, NASS0968 of 1996.
Chequary Division, Companies Court.
IN THE MATTER OF KNOX & GRAYVINE LIMITED

THE RTZ CORPORATION PLC NOTICE
To Holders of Warrants to Bearer
ORDINARY SHARES OF THE EACH

Hambro Country £3.9m in loss

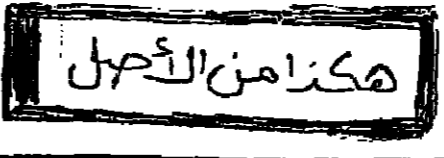
By Simon London, Property Correspondent
The reorganisation of Premium Life, offsetting additional provisions over personal pensions.

Table with columns: Company, Turnover (£m), Pre-tax profit (£m), EPS (p), Current dividend (p), Date of payment, Dividends corresponding dividend, Total for year, Total last year.

Investment Trusts
NAV (p) Earnings (p) EPS (p) Current dividend (p) Date of payment

Vertical text on the right edge of the page, including 'INC sets end for ME rally' and 'BUSINESSES FO'.

COMMODITIES AND AGRICULTURE



WEEK IN THE MARKETS Zinc sets trend for LME rally

The zinc market set a trend for base metals when it hit a 10-month high early on Friday morning of US\$1,100 a tonne, and closed only slightly lower at \$1,092 - a rise of 83c. The bullish sentiment was spread by news on Wednesday that Asturiana, the Spanish producer, had transferred a big futures position to Glencore, the Swiss trading group.

Mr Jim Lennon and Mr Adam Rowley, analysts at Macquarie Equities, estimated that "between 1993 and now (Asturiana) sold 550,000 to 600,000 tonnes into the market. It can be speculated that this had a significant dampening impact on prices over this period as rallies in the price have been sold into."

Other base metals followed zinc's strong performance, having started the week on a downward trend. Nickel made a dramatic recovery on Friday, surging from \$7,815 a tonne at Thursday's close to \$8,160 a tonne on Friday. The metal had fallen steadily earlier in the week because of weak demand for stainless steel and investment fund selling.

On Wednesday the copper market was thrown into confusion by an admission from the World Bureau of Metal Statistics that its global copper figures could be wrong. An article by Mr Peter Hollands in the Bloomsbury Minerals Economics consultancy's copper briefing newsletter estimated that consumption was over-stated by 20,000 tonnes a month last year. Meanwhile an increase in the copper back-wardation - the premium paid for immedi-

ate delivery of physical metal - helped the metal rise to \$2,586 a tonne on Friday, its highest level this year, up from \$2,519 a tonne on Thursday. It fell to a six-month low of \$6,027 a tonne on Thursday, weakened by a depressed physical market and the good availability of Chinese metal, according to the Rudolf Wolff commodities group. However, the metal joined the market rally on Friday to close at \$6,140 a tonne.

The cut in UK interest rates on Friday, by 0.25 percentage points to 6 per cent, helped gold recover some of the ground it lost earlier in the week through investment fund selling. The metal hit a two-month low of \$383.70 at Monday's afternoon fix and dipped after a cent's recovery on Tuesday before climbing to \$385.25 on Friday.

Its steady recovery was due in part to the market correctly predicting the interest rate cut, according to GNI Research. Rudolf Wolff pointed out that gold's earlier weakness had enticed bargain hunters into the market. It also said traders were expecting the metal to challenge resistance at \$397 after a period of further consolidation.

Investment fund selling also affected wheat, corn and soybeans at the start of the week. Analysts were bemused by the fall in grain futures, which they said was caused by profit-taking and technical indicators rather than an improvement in forecasts for this year's harvest. Prices stabilised towards the end of the week with March wheat on the Chicago Board of Trade at \$5.13 a bushel. Corn and soybeans were stronger on Thursday at \$3.90 a bushel and \$7.19 a bushel respectively.

Oil refiners "just in time" inventory management techniques made their mark on oil prices as refiners scrambled to find supplies. The price of the benchmark Brent blend for April delivery rose strongly during the week, from \$17.44 a barrel on Monday to \$18.30 a barrel on Thursday.

Nick Mayhew-Smith Deborah Hargreaves

BASE METALS

LONDON METAL EXCHANGE

Table with columns: Metal, Price, Change, High, Low, Vol. Includes Zinc, Copper, Nickel, Lead, Tin, Silver, Gold.

Table with columns: Metal, Price, Change, High, Low, Vol. Includes Aluminium, Magnesium, Manganese, Zinc, Tin.

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Precious Metals continued

Table with columns: Metal, Price, Change, High, Low, Vol. Includes Gold, Silver, Platinum, Palladium.

Table with columns: Metal, Price, Change, High, Low, Vol. Includes Lead, Tin, Silver, Gold.

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Table with columns: Metal, Price, Change, High, Low, Vol. Includes Zinc, Copper, Nickel, Lead, Tin.

GRAINS AND OIL SEEDS

Table with columns: Commodity, Price, Change, High, Low, Vol. Includes Wheat, Corn, Soybeans, Rice.

Table with columns: Commodity, Price, Change, High, Low, Vol. Includes Lead, Tin, Silver, Gold.

Table with columns: Commodity, Price, Change, High, Low, Vol. Includes Zinc, Copper, Nickel, Lead, Tin.

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Table with columns: Commodity, Price, Change, High, Low, Vol. Includes Zinc, Copper, Nickel, Lead, Tin.

SOFTS

Table with columns: Commodity, Price, Change, High, Low, Vol. Includes Cocoa, Coffee, Sugar.

Table with columns: Commodity, Price, Change, High, Low, Vol. Includes Lead, Tin, Silver, Gold.

Table with columns: Commodity, Price, Change, High, Low, Vol. Includes Zinc, Copper, Nickel, Lead, Tin.

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Table with columns: Commodity, Price, Change, High, Low, Vol. Includes Zinc, Copper, Nickel, Lead, Tin.

MEAT AND LIVESTOCK

Table with columns: Commodity, Price, Change, High, Low, Vol. Includes Beef, Pork, Lamb, Hogs.

Table with columns: Commodity, Price, Change, High, Low, Vol. Includes Lead, Tin, Silver, Gold.

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WEEKLY PRICE CHANGES

Table showing weekly price changes for various commodities like Gold, Silver, Copper, Nickel, Lead, Tin, Zinc, Iron, Steel, etc.

WORLD BOND PRICES

Table showing world bond prices for various countries including Australia, Canada, France, Germany, Italy, Japan, Netherlands, Portugal, Spain, UK, US Treasury.

ECONOMIC DIARY - FORWARD EVENTS

TODAY: Mr Jorge Sampaio is sworn in as Portugal's new president. EU foreign ministers in Palermo, Italy, expected to discuss reconstruction of former Yugoslavia (to tomorrow). Meeting of European Socialist leaders in Lisbon (to tomorrow). TOMORROW: Mr William Perry, the US defence secretary, arrives for talks with Mr Eduardo Perez Yoma, Chile's defence minister (to Tuesday). MONDAY: EU finance ministers meet in Brussels. Mr Jacques Santer, the European Commission president, meets the Mr Alain Juppe, the French prime minister, in Paris to discuss Santer's proposal for "confidence pact" to fight unemployment. UK producer prices (Feb). US industrial production (Jan). TUESDAY: Mr Fernando Cardoso, the Brazilian president, arrives for four-day state visit in Japan. US presidential primaries in Florida, Mississippi, Oklahoma, Oregon, Tennessee and Texas (Super Tuesday). Mr Alexander Lukashenko, the Belarusian president, on three-day visit to Siberian oil producers. Mr Teodor Meles-

PRECIOUS METALS

LONDON BULLION MARKET

Table with columns: Metal, Price, Change, High, Low, Vol. Includes Gold, Silver, Platinum, Palladium.

Table with columns: Metal, Price, Change, High, Low, Vol. Includes Lead, Tin, Silver, Gold.

Table with columns: Metal, Price, Change, High, Low, Vol. Includes Zinc, Copper, Nickel, Lead, Tin.

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ENERGY

CRUDE OIL NYMEX

Table with columns: Commodity, Price, Change, High, Low, Vol. Includes Crude Oil, Heating Oil, Natural Gas.

Table with columns: Commodity, Price, Change, High, Low, Vol. Includes Lead, Tin, Silver, Gold.

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FT ACTUARIES FIXED INTEREST INDICES

Table with columns: Index, Price, Change, High, Low, Vol. Includes UK Gilts, US Treasuries, etc.

Table with columns: Index, Price, Change, High, Low, Vol. Includes Lead, Tin, Silver, Gold.

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GILT EDGED ACTIVITY INDICES

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Table with columns: Index, Price, Change, High, Low, Vol. Includes Lead, Tin, Silver, Gold.

UK GILTS PRICES

Table with columns: Maturity, Price, Change, High, Low, Vol. Includes 12m, 18m, 2.5y, 3.5y, 5y, 7.5y, 10y, 15y, 20y, 30y.

Table with columns: Maturity, Price, Change, High, Low, Vol. Includes Lead, Tin, Silver, Gold.

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BUSINESSES FOR SALE

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UK

Table with columns: Commodity, Price, Change, High, Low, Vol. Includes Lead, Tin, Silver, Gold.

Spain

Table with columns: Commodity, Price, Change, High, Low, Vol. Includes Lead, Tin, Silver, Gold.

Italy

Table with columns: Commodity, Price, Change, High, Low, Vol. Includes Lead, Tin, Silver, Gold.

Germany

Table with columns: Commodity, Price, Change, High, Low, Vol. Includes Lead, Tin, Silver, Gold.

Other Fixed Interest

Table with columns: Index, Price, Change, High, Low, Vol. Includes UK Gilts, US Treasuries, etc.

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700
Saturday March 9 1996

Tremors in the bond market

For a moment yesterday investors faced the spectre of a bond market sell-off. US Treasury bond prices dropped three full points after employment figures suggested economic growth had been much stronger in January than had been expected.

Markets elsewhere felt the tremors - shares in London, for example, were at one point down 70 points on the FT-SE 100 index. As in the US, however, international markets recovered their poise later in the day.

Still, the reaction indicates the pressing nature of the question uppermost in traders' minds: is there any more scope for monetary easing in the main developed economies, or is the future path of interest rates now leading upwards?

Lurking behind that question is the bond market's traditional fear at this stage of the cycle - that the monetary authorities have pumped too much liquidity into the banking system, in an attempt to head off a mid-cycle slowdown that was already on the way to curing itself.

The issue came clearly into focus in Britain even before the US sell-off, with the surprisingly negative response from the financial markets to yesterday's quarter-point cut in base rates.

Whenever Britain's monetary masters have met recently, all has been sweetness and light. The chancellor of the exchequer and the governor of the Bank of England have managed to take the drama out of their monthly meetings. Everyone expected a quarter-point base-rate cut from this Thursday's chat, and - sure enough - it arrived promptly on schedule.

There were no coded messages from the Bank about the unwelcome of such a move, no implicit smirks from Kenneth Clarke about his skill at judging the economy.

Mood music

Yet, despite the soothing mood music, and the predictable nature of the event, the market's initial reaction to the cut was hostile. The short-term futures contract - the most sensitive indicator of market mood - moved sharply downwards, implying a reversal of the rate-cut in less than six months.

There are a number of other signs that the financial markets no longer believe the UK economy is heading into a serious slowdown - and therefore no longer needs continued monetary stimulus.

Analysts noted the comments

by the retailer John Lewis that though Britain's consumers are still not acquired the feel-good factor, they have at last managed to attain the feel-not-so-bad factor.

The Halifax building society reported that in February house prices edged back above their level of a year earlier, after falling for most of last year. It was the biggest monthly rise in two years.

And smaller UK companies, which are more exposed to the British economy than their bigger FT-SE 100 cousins, have outperformed them - in recent weeks, after several months of under-performance at the end of last year. Even if investors do not fully share Mr Clarke's confidence that "the economy will carry on improving all the way from now to the election", they are clearly happier about the short-term outlook.

Electoral reasons

The worry, then, is not so much that the UK markets are heading off the edge of a cliff but that they are driving into a cul-de-sac.

Operating earnings of British companies may well be close to their peak. Valuations, though not exaggerated, have little elbow room for comfortable expansion. And if later this year, economic logic starts to suggest that the next move in UK interest rates will be upwards, Mr Clarke may choose to delay his response for electoral reasons. That would add a distinctive British theme to the drama out of their monthly meetings. Everyone expected a quarter-point base-rate cut from this Thursday's chat, and - sure enough - it arrived promptly on schedule.

Rising gilt yields - provoked by such re-awakened fears of political laxity towards inflation or by global trends - would at best limit the scope for further rises in the equity market, at worst provoke a sustained sell-off. And as the election draws closer, political risk becomes a more relevant factor.

Such thinking may be too pessimistic. The underlying health of the economy offers, after all, a solid prop for the equity market, and the bond market is protected from the worst by the absence of inflationary pressures and by Mr Clarke's studied moderation.

Still, the global trend in long term interest rates and the distinctive aspects of the British political-economic situation, taken together, expose the markets to heightened risks of intermittent upsets.

For Mr Clarke, the message is not entirely a happy one: investors have served notice that further aggressive easing of short-term interest rates is likely to prove counter-productive.

Twin pillars of the old politics

Dole's success in the primaries means that the US presidential contest is likely to return to more conventional themes, says Jurek Martin

It is an amazing testament to the drawing power of the Princess of Wales that she bumped Pat Buchanan, the populist protectionist pundit, off the cover of Time and Newsweek magazines last week - just as the Republican primaries reached their most interesting stage. But next Monday even the photogenic qualities of a global superstar, so important to newsmagazine sales, may have to take second place to plain old Bob Dole.

Twelve primaries and caucuses, from South Carolina last Saturday through 10 more across the country on Tuesday to New York on Thursday, have left the 72-year-old Senate majority leader from Russell, Kansas, far clear of the field for the Republican nomination. Even Mr Buchanan admitted it appeared "inevitable" that Mr Dole would be the party nominee to run against President Bill Clinton in November.

That will disappoint the pundits and literati who have enjoyed the diversion provided by Mr Buchanan - now more of a cause than a candidate - and, to a lesser extent, Mr Steve Forbes, the millionaire publisher. Whoever the reading eye roved this week, from the New York Review of Books on the left, through the New Republic in the neo-middle, to the Weekly Standard on the right, it was Mr Dole's challengers who consumed most of the ink, and airtime as well.

But now even these two, a pair of writers who have never held elected office, have been consigned to the status of noisy minority. Gone from the Republican race are Lamar Alexander, former governor of Tennessee, and Senator Dick Lugar of Indiana, both bowing out with endorsements of Mr Dole.

It is not inconceivable that Mr Buchanan or Mr Forbes can pull off an upset in primaries to come, just as Gerald Ford, Jimmy Carter, Walter Mondale and Bill Clinton, all short-odds favourites, experienced defeat late in the primary season before claiming the nomination. Only the untouchable, such as a breakdown in his health, can now deny Mr Dole that honour.

He is the very antithesis of all that is new, trendy and idea-driven in US politics - a disbeliever in most of the Contract with America, the Republican manifesto drawn up for the 1994 Congressional elections by Newt Gingrich. He is proud to be an old-fashioned Washington politician at a time when much of the country views the capital as little better than a den of thieves and incompetents.

This is the wounded second world war hero who could not even win a serious primary in 1980 and 1988 and was a draas vice-presidential candidate on Gerald Ford's election ticket in 1976. But there is no populist, libertarian or other radical reformer - all important elements in the recent evolution of the Republican party - apparently able to stop him now.

In fact, as it stands on the always shaky ground of the present, the November election could be positively conventional. That prospect



itself is almost revolutionary after the political upheavals of the last four years, which put an obscure southern governor in the White House and a new breed of radicals in charge of the Congress.

From one corner will emerge Mr Dole, the standard-bearer of the old Republican establishment. From the other comes Mr Clinton, 23 years his junior, around whom the fissiparous factions of the Democratic party have now rallied.

Their confrontation could be complicated by a third party or independent candidate, Pat Buchanan has not ruled one out if the Republican platform ditches his right-to-life stand. Ross Perot is making noises not dissimilar to those which preceded his 1992 campaign. And Ralph Nader, the veteran consumer activist, is already petitioning to get on the November ballots. Poll after poll reveals a public not enthralled at the prospect of a choice between Mr Clinton and Mr Dole. But there is

no potential political heavyweight - no Colin Powell, no Bill Bradley - chomping at the bit. A CBS TV programme on Thursday saw talking heads waxing eloquent about the virtues of a ticket joining the retired general and the retiring Democrat senator from New Jersey - but their thinking was wishful.

A Clinton-Dole race invites historical comparisons. The most obvious - which Mr Dole will not like - is with 1984, when Walter Mondale, a Democratic party elder, was the sacrificial lamb on the altar of the incumbent president, Ronald Reagan. The consolation is that Mr Reagan was on his way to attaining a popularity that Mr Clinton cannot match, even in his wildest dreams.

Mr Mondale was also very much the captive of Democratic orthodoxy, then dominated by its liberal wing - even to the point of being honest enough to say that higher taxes might be necessary. Mr Clinton is a more eclectic and elusive

politician, and a far better campaigner. Mr Dole still has to knit together the very different threads of the modern Republican party into a sweater that all can wear.

Over the past 10 days he has pretty much defined the cardinal points of his candidacy. Having been dragged to the right by Mr Buchanan for months, he is now preaching the virtues of a middle ground on which all Republicans can stand. His language is unrecognisable to Mr Gingrich's Contract with America, except insofar as balancing the federal budget stands out as the centrepiece.

Mr Clinton, of course, has also signed up to the principle of a balanced budget, but not to the Republican details. He will counter that no budget is worth balancing mostly at the expense of the poor, the young and the old.

The proper role of government will be a hot topic, with battle lines already most sharply drawn over

education. The Republican primaries - with Mr Dole dissenting not a word - revealed the department of education on top of the conservative hit-list as the embodiment of all that is considered un-American in big government - specifically its Goals 2000 programme. Mr Clinton believes the programme, designed to raise standards in core curriculum subjects, is indispensable to produce the sort of literate and technologically competent labour force necessary for the economy to be competitive in the 21st century.

Mr Dole, having labelled Mr Alexander as "a tax-and-spend liberal", will try out the same trusted Republican line on Mr Clinton. They will compete for the law-and-order market. The majority leader will assault the president's "weak and incompetent" foreign and trade policies, even though, from Bosnia to Gatt, he has supported several of them in the name of bipartisanship.

Mr Boutros Boutros-Ghali, in the final year of his first term as secretary-general of the United Nations, will be an easy villain in the Dole campaign against internationalism-run-amok. Mr Clinton will probably counter by refusing to say who he wants to take over the UN hot seat, thereby keeping the rest of the world waiting. He will also keep his fingers crossed that the hard men of the Balkans, Ireland and the Middle East do not mess up his foreign policy initiatives.

The race will also turn on personalities. From one side, it will be good old honest army Bob against skirt-chasing, draft-dodging Bill. From the other, youth versus age, new visions against old ideas, the future or the past. That might seem to favour Mr Clinton but for his character and record inspiring an extraordinary degree of outright loathing and mistrust.

Before the country votes, they will meet in public debate, an event logically more tailored to the skills of a president who speaks in paragraphs than a majority leader who has problems getting beyond a half-sentence, acerbically witty though they sometimes are. But Ronald Reagan did not need to say that much to beat the loquacious Jimmy Carter in their pivotal verbal joust just before the 1980 election.

The electoral college, which ultimately picks the next president, may be of greater concern to Mr Clinton, offsetting the optimism generated by his lead of between 10 points and 20 points in public opinion polls. In 1982, he carried 32 of the 50 states, plus the District of Columbia, against George Bush, the incumbent president, but several of them, not only in the south, have since moved to the right. Still, a compilation of state polls in The Hotline political newsletter this week gave Mr Clinton a comfortable majority in the college.

Not that Mr Dole will mind this. He is used to uphill struggles, and would gladly have waited until the second Monday in November for an appearance on the magazine covers.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to 'fine'), e-mail: letters.editor@ft.com. Translation may be available for letters written in the main international languages.

Failure of EU parliaments

From Mr Robin Teverson MEP
Sir, British ministers are right to identify a greater role for national parliaments in European decision making as a priority for the intergovernmental conference ("Britain to harden stance on European powers", March 5). But one has to doubt their sincerity.

The UK has led the way in secretive and unaccountable forms of European politicking, its ministers only ever "consulting" MPs after the fact. Sadly, parliament has conspired in its own exclusion, seemingly content to play the ministers' poodle.

But the problem is not unique to the UK. After decades of European integration parliaments across the EU have failed to control what their ministers do in Brussels. Now it is nothing less than a governmental plot to suggest that the choice is between giving more power to national parliaments, and giving it to the European parliament - the real choice is between accountability and untrammelled executive arrogance.

Alongside the IGC there should be an inter-parliamentary conference, bringing together MPs from every member state, with a view to a common strategy on holding ministers to account.

Euro-MPs could attend too, to discuss their similar role vis a vis the European Commission.

At one stroke this would promote greater transparency (to use the jargon) and bring Europe nearer to its citizens.

Robin Teverson,
European Parliament,
97 Rue Belliard,
1049 Brussels, Belgium

India should not be overlooked in growing closeness of Europe and Asia

From Dr Smritindu Roy
Sir, I read with great interest your editorial ("Asia and the EU", March 4), which was critical about the results of the Asia-Europe summit in Thailand.

But what I missed was some critical comment on the composition of the region "Asia". There were 10 Asian countries which participated in the summit: the Asian countries, plus China, Japan and South Korea.

India was not invited to join the club, although it is becoming a leading political and economic factor in the region.

The multinationals see India as a good opportunity. There are three factors encouraging them.

The first is the potential size of the Indian market (900m people), which is of strategic importance. The second is that all political parties in India favour liberalisation and foreign investment in one form or another. And the third is that India has a huge backlog demand for infrastructure investment.

Moreover, the foreign investors in India enjoy "legal recourse against arbitrary political action, something not readily available to, say, China" and some other countries in the

region. This recalls the opening in Delhi of the Kentucky Fried Chicken food chain.

Above all, there is no doubt about the closeness of India to Europe and European values compared to many countries in the region, to whom Europe is paying more attention than to India.

Smritindu Roy,
president,
Rhein-Main Bengali Cultural
Association,
Dietsheimer Strasse 27c,
63073 Offenbach,
Germany

Economic groups are snapshots, not reality

From Mr J.P. Read
Sir, Congratulations to Michael Frowse for pointing out that the economic groups beloved by politicians and the media do not in reality exist, except in so far as they are simply snapshots at a moment in time of people who at that moment appear to have similar economic characteristics ("Upwardly mobile", March 4).

No doubt someone could show with a suitably modelled computer programme that if we all start with

nothing, as we do, and we all had identical incomes and saved exactly the same proportion of our income, it could be proved that different groups would have widely different wealth, simply because such wealth would build up steadily during a life so that the vast bulk would be owned by those above the age of 65.

In the real world, of course, some people like to save more, others like to spend more, many try to make more and an even larger number either struggle or lose.

This indicates that equality on close analysis is frequently used in meaningless ways and, more importantly, that wise government depends more on direct observation of what is causing change, rather than gathering statistics.

J.P. Read,
St Anne's,
8 Turner Drive,
London,
NW11 6TX,
UK

Nuclear levy could fund home insulation jobs

From Ms Andrea Cook
Sir, In your editorial "Green Labour" (February 23), you report that Labour leader Tony Blair did not explain how an extensive home insulation programme, which could create 50,000 jobs, would be paid for.

Funding could be met by the

environmental obligations and improve housing and health.

Andrea Cook,
director, NEA,
St Andrew's House,
90-92 Pilgrim Street,
Newcastle upon Tyne, UK

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COMMENT & ANALYSIS

Man in the News • Daniel Vasella

Triumph of an ingenue

Daniel Green on the doctor-turned-executive who is to head Novartis

When Daniel Vasella, a 32-year-old doctor at Bern University Hospital, Switzerland, bought a financial newspaper in 1986 to try and understand the global stock market boom, he found he did not understand a word of it.

charm and informality contrast with the usual manner of Swiss business executives. But a hardness lies close to the surface. "Job cuts are like surgery. You know it hurts but that it will do some good. The worst is to cut slowly and not deep enough."

his medical career. Link invited Vasella to lunch and was impressed enough to offer him a traineeship if he would go to work in the US. Three months later he was shown into an empty office in Sandoz's US offices in New Jersey. "It was a disaster. They didn't know what to do with me," says Vasella.

The success of that project marked out Vasella for the first time as a man to watch. He became head of corporate marketing, where in 1993 he initiated a strategic review that led to a series of disposals. He became chief executive of Sandoz pharmaceuticals, the biggest of the company's three divisions.

as well as medicines. "From plants to food to healthcare, this is about the wellbeing of human beings," he says without a trace of self-consciousness. Despite his claim to the moral high ground, he makes no excuses for the huge profits made by drugs companies.



Philip Stephens

Best candidate the Tory party never had

In the Tory party it is still the most serious game in town. Never mind the general election. Bet instead on who will replace John Major once the votes have been counted. It is a game usually played on the assumption that the prime minister will lose. But even if Mr Major confounds the critics and wins, no-one expects him to stay in 10 Downing Street for more than a year or two beyond the election.

European left of the party it is being said that if Mr Portillo were to win the leadership, the recent trickle of defections to Labour and the Liberal Democrats would turn into a torrent. There is no obvious candidate, though, of the centre. Kenneth Clarke's unapologetic defiance of the tide of Euroscepticism probably disqualifies him. Malcolm Rifkind has been positioning himself. Stephen Dorrell cannot be ruled out. Ian Lang might run. And if the criteria were competence and commonsense, Gillian Shephard would be a favourite.

Many Israelis and Palestinians fear peace hopes are fading, say David Gardner and Julian Ozanne

Dangerous race against time

Reeling from a wave of horrific Islamist suicide bombings on the streets of Jerusalem and Tel Aviv, Israel seems a country at war, not a nation more than midway to peace with its Arab neighbours. In scenes reminiscent of the worst days of Arab-Israeli conflict, Israeli soldiers have raided Palestinian institutions, sealed and dynamited the family homes of suspected bombers, arrested scores of Islamic fundamentalists and placed many villages under 24-hour curfew. Tanks have also been sent into the West Bank.



Palestinian schoolchildren carrying Arabic signs calling for an end to violence demonstrating in a Bethlehem street this week

change if he were to take office, it was, after all, a Likud government which made peace with Egypt in 1978. Yet any move backwards would certainly end Israeli ambitions for normal relations with the Arab and Islamic world, revive regional instability, and torpedo hopes for the economic integration of the Middle East. Israel's neighbours would also feel the shock, particularly if the Palestinians - their hopes of a state on the West Bank dashed - were to relaunch their struggle against Israel.

A pilot project to fire gas competition

Robert Corzine on the battle to sell gas to consumers in the south-west which has left some customers confused

Business shelters in Plymouth and Exeter are festooned with posters urging consumers to buy natural gas from Amerasia Hess, the US-owned oil company. Roadshows in shopping centres offer the alternative blandishments of suppliers such as Total, the French oil group. And Sweb, the local regional electricity distributor, has sponsored local rugby matches to draw attention to its services as a gas supplier.

January 1997 before all Britain's 15m domestic gas consumers are exposed to the most ambitious gas competition scheme ever attempted. Preparations have been dogged by two years of ill-mannered negotiations between the industry, government and Ms Clare Spottiswoode, the gas regulator, over the rules of how competition will work. But the promotional activity throughout the south-west has convinced the gas watchdog that the UK's bold experiment in gas competition is about to become a reality.



British Gas has yet to unveil its strategy for fending off the competition. But the main new suppliers already claim to have signed up tens of thousands of British Gas customers. Ofgas and the government believe at least 50,000 consumers, or 10 per cent of the market, could switch on day one.

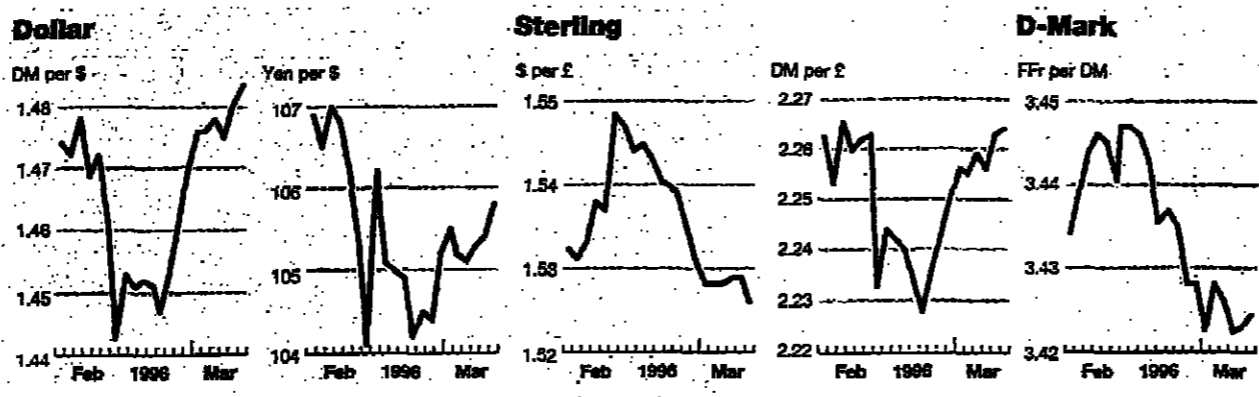
in terms of market share. "We see it mainly as a way to test new computer systems and the network code," says one executive. The latter is a complex set of rules that governs the transfer of customer between rival suppliers. Critics say it is too complex and a potential source of conflict between the suppliers and TransCo, the British Gas pipeline monopoly that will continue to carry gas direct to consumers' homes.

CURRENCIES AND MONEY

MARKETS REPORT

Dollar steady

By Philip Gawth
Foreign exchange markets were yesterday a sanctuary of calm amid plunging bond and equity prices following the release of the February employment report in the US. The much higher than expected increase in the non-farm payroll was taken by the market as a signal that US economic activity was stronger than previously thought, prompting concern that the US Federal Reserve might have to raise rates to counter inflationary pressures. The dollar was caught in a stalemate with the prospect of higher money market rates effectively countered by fears of foreign investors fleeing from US assets. The dollar finished in London at DM1.4836 and ¥105.825 from DM1.4789 and ¥105.60 before the report was released. Sterling was unmoved by the 25 basis point cut in UK rates, to 6 per cent, which had been widely anticipated. It finished at DM2.2643 and \$1.5262 from DM2.2625 and \$1.5299.



Source: FT Data

Dollar would break out of its current range to reach DM1.60 later this year. Mr Persaud noted that the last time the dollar had been around DM1.50, last September, the interest rate differential between US and German rates had been positive, but the trend was moving in Germany's favour (three month money in the US fell from 5.8 per cent in November to 5.2 per cent in February). Now, he said, the trend was the other way round. Mr Philippe Jordan, analyst at Daiwa Securities in New York, was very bullish about the outlook for the dollar. He forecast a large sell-off of US assets by foreign investors, predicting that this would be accompanied by a flight to safety, with the Swiss Franc, D-Mark and yen benefiting. Mr Adrian Cunningham, senior currency economist at UBS in London, said: "The upside for the dollar is limited because of the reaction on the equity and fixed income side." He said there would be concern about the willingness of foreigners, especially Japanese, to hold US assets. Ms Alison Cottrell, analyst at Paine Webber in London, said the dollar's muted response was partly a result of the market's positioning ahead of the report: "You were long beforehand, and you still are long."

The sell-off in short sterling contracts after the cut in base rates was, said analysts, a clear case of "buy the mystery, sell the history." This initial weakness was then seriously aggravated by the response of interest rate markets in general to the US jobs report. The December short sterling contract closed at 95.49, 32 basis points down on the day, and effectively discounting interest rates rising by half a percentage point over the rest of the year. Mr Philip Shaw, economist at Union Plc in London, said: "These levels are not an accurate reflection of what the market thinks UK rates are going to be. They are the consequence of technical selling in the futures markets."

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POUND SPOT FORWARD AGAINST THE POUND

Table with columns: Mar 8, Closing mid-point, Change on day, Bid/offer spread, Day's mid low, One month Rate, Three month Rate, One year Rate, Bank of England Index. Rows include Europe, Asia/Pacific, Americas, and UK.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Table with columns: Mar 8, Closing mid-point, Change on day, Bid/offer spread, Day's mid low, One month Rate, Three month Rate, One year Rate, JP Morgan Index. Rows include Europe, Asia/Pacific, Americas, and UK.

WORLD INTEREST RATES

Table with columns: Money Rates, LIBOR FT London, Euro Currency Interest Rates, Three Month Euro Futures (MATIF), Three Month Euro Futures (Liffe), Three Month Euro Futures (Liffe), Three Month Euro Futures (Liffe).

CROSS RATES AND DERIVATIVES

Table with columns: Exchange Cross Rates, Mar 8, Bid, Offer, DM, FF, Yen, etc. Rows include Belgium, France, Germany, Italy, etc.

EMU EUROPEAN CURRENCY UNIT RATES

Table with columns: Mar 8, Bid, Offer, DM, FF, Yen, etc. Rows include Belgium, France, Germany, Italy, etc.

UK INTEREST RATES

Table with columns: London Money Rates, Mar 8, Over-night, 7 days, One month, Three months, Six months, One year. Rows include Interbank Sterling, Sterling CDs, Treasury Bills, Bank Bills, Local authority debt, Discount Market debt.

BASE LENDING RATES

Table with columns: Mar 8, Price, Bid, Offer, etc. Rows include Adam & Company, Allied Trust Bank, etc.

UK TREASURY BILL FUTURES (MM) \$1m points of 100%

Table with columns: Mar 8, Open, Settle, Change, High, Low, Est. vol, Open Int. Rows include Mar, Jun, Sep.

EUROBOND OPTIONS (Liffe) \$1m points of 100%

Table with columns: Mar 8, Price, Bid, Offer, etc. Rows include 9825, 9850, 9875.

UK CLEARED BANK BASE LENDING RATE

Table with columns: Mar 8, Up to 1-3 months, 3-6 months, 6-12 months. Rows include 1-3 months, 3-6 months, 6-12 months.

EUROBOND OPTIONS (Liffe) \$1m points of 100%

Table with columns: Mar 8, Price, Bid, Offer, etc. Rows include 9825, 9850, 9875.

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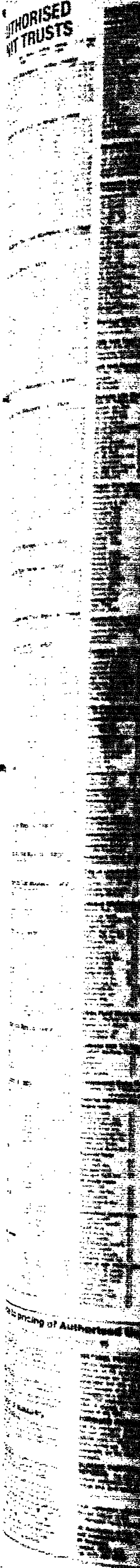
Table with columns: Mar 8, Price, Bid, Offer, etc. Rows include 9825, 9850, 9875.

FT GUIDE TO WORLD CURRENCIES

The FT Guide to World Currencies table can be found on the Markets page in today's edition.

The Financial Times plans to publish a Survey on Danish Banking & Finance on Thursday, March 21. The survey will in depth analyse the economic situation, the monetary policy setting, credit demand, and the general outlook for the banking and finance industry. For more information on editorial content and details of advertising opportunities available in this survey please contact ERNA PIO, Denmark Tel. +45 33 13 44 41 or Kirsty Saunders, UK. Tel. +44 0171 873 4823

BASE RATE CHANGE. Union Bank of Switzerland, London announces that with effect from the close of business on 8th March, 1996 the Base Rate was reduced from 6 1/4% PA to 6% PA.



FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 673 4376 for more details.

FT MANAGED FUNDS SERVICE

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as AB Unit Trust Managers Limited, AXA Equity & Law Unit Trust Managers, and others, with columns for fund names, managers, and prices.

Guide to pricing of Authorised Unit Trusts. Compiled with the assistance of AUTIF SS. Includes sections on Initial Charge, Buying Price, Selling Price, and Treatment of Managers' Periodic Charge.

JAPAN EASE advertisement featuring a samurai figure and text: 'High-performance Japanese investment isn't easy. But the right team can certainly make it look that way. The right team is Hill Samuel. Managed by Philippa Gould, the Sunday Telegraph's 1994 Fund Manager of the Year, both our Japanese General and our Japanese Technology trusts have proven top quartile sector performance. Not just recently, but over 1, 2, 3, 4 and 5 years*.' Includes Hill Samuel Asset Management logo.

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FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 878 4878 for more details.

Table of financial data for various fund categories including: London Life - Contd., National Westminster Life Assn Ltd, Prudential Life Assn Ltd, and others. Columns include fund names, prices, and performance metrics.

Table of financial data for various fund categories including: Sun Life Assurance Society Ltd - Contd., J. D. Wort Financial Services Ltd, and others. Columns include fund names, prices, and performance metrics.

Table of financial data for various fund categories including: Money Market Trust Funds, Money Market Bank Accounts, and others. Columns include fund names, prices, and performance metrics.

Advertisement for 'FREE ANNUAL REPORTS FROM THE FT WHERE YOU SEE THIS SIGN. SEE THE LONDON SHARE SERVICE PAGES FOR FURTHER DETAILS'. Includes a logo of a club symbol.

MANAGEMENT SERVICES

Table listing various management services and their details, including company names, addresses, and contact information.

FT MANAGED FUNDS SERVICE

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OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Table listing Bermuda (SIB Recognised) funds with columns for Fund Name, Unit Price, and % Change.

GUERNSEY (REGULATED)**

Table listing Guernsey (Regulated)** funds with columns for Fund Name, Unit Price, and % Change.

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JERSEY (SIB RECOGNISED)

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LUXEMBOURG (SIB RECOGNISED)

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OFFSHORE INSURANCE

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FT MANAGED FUNDS SERVICE

Table of fund prices and performance metrics, including columns for fund name, price, and change.

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OTHER OFFSHORE FUNDS

OFFSHORE INSURANCES

MANAGED FUNDS NOTES: This page contains information about the funds listed, including details on charges, risks, and performance.

LEGAL NOTICES

WORLD STOCK MARKETS

NORTH AMERICA

UNITED STATES (Mar 8 / US\$)

(% per share)

Table of US stock market data including indices like S&P 500, Dow Jones, and various sector indices.

CANADA (Mar 8 / Cdn \$)

(% per share)

Table of Canadian stock market data including indices like S&P/TSX 300.

MEXICO (Mar 8 / Mex \$)

(% per share)

Table of Mexican stock market data including indices like IPC.

BRAZIL (Mar 8 / R\$)

(% per share)

Table of Brazilian stock market data including indices like Ibovespa.

ARGENTINA (Mar 8 / P\$)

(% per share)

Table of Argentine stock market data including indices like Merval.

CHILE (Mar 8 / Chile \$)

(% per share)

Table of Chilean stock market data including indices like IPSA.

PERU (Mar 8 / Nuevos S/)

(% per share)

Table of Peruvian stock market data including indices like IGV.

VENEZUELA (Mar 8 / Bolívares)

(% per share)

Table of Venezuelan stock market data including indices like IPCV.

COLOMBIA (Mar 8 / C\$)

(% per share)

Table of Colombian stock market data including indices like IPS.

ECUADOR (Mar 8 / Dólares)

(% per share)

Table of Ecuadorian stock market data including indices like ISE.

PANAMA (Mar 8 / Balboas)

(% per share)

Table of Panamanian stock market data including indices like ISE.

CUBA (Mar 8 / CUP)

(% per share)

Table of Cuban stock market data including indices like ISE.

HONDURAS (Mar 8 / Lempiras)

(% per share)

Table of Honduran stock market data including indices like ISE.

NICARAGUA (Mar 8 / Cordobas)

(% per share)

Table of Nicaraguan stock market data including indices like ISE.

PARAGUAY (Mar 8 / Guaraníes)

(% per share)

Table of Paraguayan stock market data including indices like ISE.

URUGUAY (Mar 8 / Pesos)

(% per share)

Table of Uruguayan stock market data including indices like ISE.

VENEZUELA (Mar 8 / Bolívares)

(% per share)

Table of Venezuelan stock market data including indices like IPCV.

EUROPE

(% per share)

Table of European stock market data including indices like FTSE 100, DAX, CAC 40.

AFRICA

(% per share)

Table of African stock market data including indices like JSE 200.

ASIA

(% per share)

Table of Asian stock market data including indices like Nikkei, Hang Seng.

AUSTRALIA

(% per share)

Table of Australian stock market data including indices like ASX 200.

NEW ZEALAND

(% per share)

Table of New Zealand stock market data including indices like NZSE 50.

INDICES

(% per share)

Table of global indices including S&P 500, Nikkei, FTSE 100, etc.

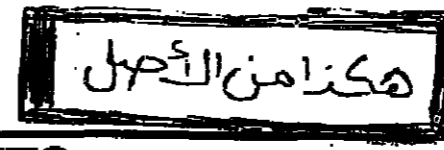
US INDICES

(% per share)

Table of US-specific indices including Dow Jones, S&P 500, etc.

Rockwell's advanced technology is helping railroads improve performance and promote safety. Rockwell logo and text.

Large advertisement for 'LOW TUD' and 'Frankfurt' with a train image and text.



WORLD STOCK MARKETS

AMERICA

Dow tumbles as jobs surge hits bonds

Wall Street US shares tumbled early yesterday as a surprisingly sharp rise in February employment levels eliminated hopes that the Federal Reserve might lower interest rates, provoking a sell-off on the Treasury market, writes Lisa Branstetter in New York.

Standard & Poor's 500 fell 10.84 at 642.81 and the American Stock Exchange composite dropped 6.12 at 564.19. Volume on the NYSE was heavy at 295m shares.

with the Nasdaq composite falling nearly 37 points before trading with a loss of 14.89 at 1,078.64. The Pacific Stock Exchange technology index was off 1.6 per cent in early trading.

Latin America All the region's markets came under pressure in mid-session trading, as the prospect of further US interest rate cuts appeared to recede. In MEXICO CITY the IPC index lost 36.58 or 1.3 per cent to 2,789.94, with Telmex L shares losing 2.4 per cent as its ADRs were sold heavily on Wall Street.

EUROPE

Frankfurt busy, data weighs on share prices

The US jobs data damaged rate cut hopes and bond markets, while memories of the 1987 crash undermined equities on both sides of the Atlantic. Mr Jerry Evans, European strategist at Kleinwort Benson said that excess liquidity had kept share prices rising, until now. A coarse seasonal adjustment to the US jobs data would suggest a 2% per cent annual growth rate, he added, and on this basis US bonds would be more likely to settle than to crash.

FT-SE Actuaries Share Indices

Frankfurt was busy, with the DAX 30 index ending at 2,448.90, 1.6 per cent down on the week. UBS and Commerzbank, which placed the Thyssen

Canal Plus, down FF15 at FF1,050. Havas has a 24 per cent stake in Canal Plus. AMSTERDAM recovered some of its early losses and the AEX index ended off 5.05 at 514.29, down 0.6 per cent on the week after a day's high of 521.40.

after tumbling to the US market encountered the heaviest declines. Philips was a case in point, tumbling 7.8 or 4.6 per cent to FF1.62 in spite of being recommended as a buy by Prudential Securities in the US.

FRANKFURT saw Ciba/Sandoz-inspired takeover speculation in chemicals; the GM/Opel decision to take its suit against Volkswagen into the American courts; and a placing of 2.07m Thyssen shares, happily concluded before the US data took the Dax to an Ibis-indicated 2,428.12 at worst.

PARIS recovered from a session low of 1,961.14, the CAC-40 index falling 32.57 to 1,975.46 for a fall of 2 per cent on the week. Turnover was FF8bn.

BRUSSELS broke a 10 day run of rising prices, as the Bel-20 index picked up from its lows after a sharp late recovery on hedging of new equity linked products by banks. The index finished 7.45 easier at 1,748.28.

SOUTH AFRICA Johannesburg had closed for the day by the time Wall Street opened, and spent the session concentrating on domestic concerns. Brokers said the main feature had been the launch of automated trading, with the chemicals, oils and plastics sector, the first to move from the open outcry system, making a strong debut.

Written and edited by William Cochrane, Michael Morgan and John Pitt

ASIA PACIFIC

Nikkei average gains 1%, Taipei recovers

Tokyo Technical activity linked to the March futures and options settlement boosted activity, and equities rose 1 per cent, writes Erika Terazono in Tokyo.

Foreign investors remained on the sidelines due to the continuing deadlock over the budget bill. However, some investors remained sellers of semiconductor-related stocks which had been hit recently by bearish reports on silicon chip demand.

Pacific, the container leasing group, made 55 cents to HK\$6.75 on suggestions that it could become a constituent of the Hang Seng index.

SEATTLE saw CRA down 26 cents at AS19.72 after the Australian Council of Trade Unions warned of potential coal supply disruptions from the company's mines. There was also uncertainty over the extent of the federal budget deficit and the All Ordinaries index eased 1.6 to 2,287.60, down 2 per cent on the week.

Volume jumped to 1.4bn shares against 466m. Traders said that transactions related to derivative settlements accounted for 90m shares.

OSAKA, the OSE average rose 25.88 to 21,306.61 in volume of 100m shares.

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FT/S&P ACTUARIES WORLD INDICES

Table with columns for Country, Index, % Change, and other metrics. Includes sections for National and International Markets, and a DOLLAR INDEX section.

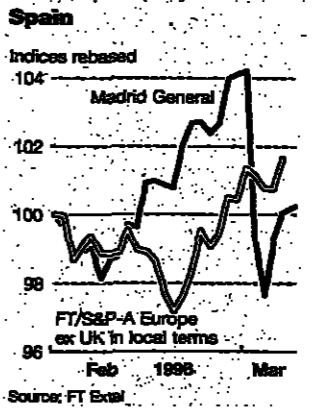
Fear of 'going Italian' shakes Madrid bourse

Tom Burns reflects on a nasty political surprise

Spain's unexpectedly inconclusive general elections last Sunday prompted investors to believe that the country had "gone Italian" and, consequently, they sold out as fast as they could. Madrid's Bolsa had risen strongly in anticipation of a centre-right government coming to power and it collapsed, virtually wiping out the gains it had made since the start of the year, when voters delivered what looked ominously like a political stalemate.

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analyst of Sunday's vote is likely to be the fiscal austerity programme that analysts believed would be ushered in with a strong PP. If Mr Aznar does form a government - the odds, at present, are that he will scrape through the confidence debate and become prime minister - his administration will be far too weak to take tough decisions over spending cuts.



Madrid General Index

Mr José Maria Aznar, the leader of the centre right Popular party (PP), won the election but he was 20 seats short of an overall majority in parliament and had three seats less than the total held by the weakened outgoing socialist government led by Mr Felipe Gonzalez.

STOCKHOLM joined overseas markets in a downward spiral but recovered somewhat before closing. The Affarsvarlden general index fell 32.0 or 1.7 per cent to 1,844.0 in turnover of SKr4.1bn, down 2.2 per cent on the week.

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LONDON EQUITIES

Table with columns for On Friday, On the week, and various stock indices like British Funds, Mineral Extraction, etc.

TRADITIONAL OPTIONS

Table with columns for First Dealings, Last Dealings, and various options.

LONDON RECENT ISSUES: EQUITIES

Table with columns for Issue, Price, and various equity issues.

RIGHTS OFFERS

Table with columns for Issue, Amount, and various rights offers.

FINANCIAL TIMES EQUITY INDICES

Table with columns for Index, Mar 8, Mar 7, Mar 6, Mar 5, Mar 4, Yr ago, High, Low.

FT GOLD MINES INDEX

Table with columns for Gold Mines Index, Mar 8, Mar 7, Mar 6, Mar 5, Mar 4, Yr ago, High, Low.

LIFE EQUITY OPTIONS

Table with columns for Call, Put, and various life equity options.

RISES AND FALLS

Table with columns for Rise, Fall, and various stock movements.

ADDITIONAL INVESTMENT NOTES

Call: ASW, Arroy, BB & EA, Brit Biotech, Bode, Jacobs, Pan Andean, Sovereign-Reeve, Tadpole Tech, Tullow Oil, Puts & Calls: Glencor Equ, Inn Business, Luma.

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ADDITIONAL INVESTMENT NOTES

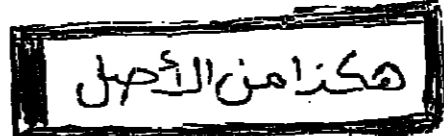
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LONDON STOCK EXCHANGE

MARKET REPORT

Sharp fall in US bonds triggers slide in equities

By Steve Thompson, UK Stock Market Editor
A stunningly large increase in the US February non-farm payroll triggered the first limit-down performance by US Treasury bond futures since the Gulf crisis in 1990-91 and ignited a global sell-off in equity markets including the UK.

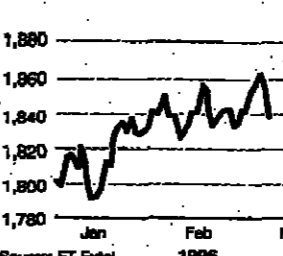
report, before embarking on a determined rally which saw the Dow recover half of its initial decline.
Ninety minutes after London opened for business the Dow was 80 points lower. Wall Street's recent strength has been fuelled by the prospect of a reduction in US rates.

alarmed at the US Treasury bond market's instant response to the news, anticipated a three-figure fall in the Dow Jones Industrial Average and quickly chopped prices of the leading UK issues.
At the close of a session that promised much, the FT-SE 100 index fell nursing a 47.9 loss at 3,710.3. At its worst, shortly after US markets opened, the Footsie was 72.0 down, having dipped below the 3,700 level seen by most traders as a solid resistance point.

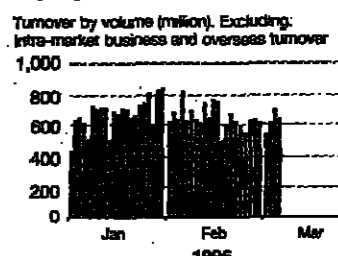
Yesterday's big sell-off meant the Footsie ended the week with a 15.4 decline and the FT-SE Mid with a 16.3 fall.
There were conflicting views on the market's short term outlook from senior marketmakers. One head of marketmaking said that as long as the dollar/D-mark rate held above 1.48, he felt reasonably happy about market prospects. He also pointed out that next week would see large amounts of cash earmarked for Pepsit bid the market.

Footsie take a hard look at 3,650.
Others were much more unmoved by the day's events and said the long-expected correction on Wall Street could be underway.
It was also pointed out that the afternoon sell-off was accompanied by some heavy trading between marketmakers, who were extremely reluctant to take on big lines of stock.
The composite insurance sector was put forward as one area of the UK market that would suffer very badly from weakness in bond markets.

FT-SE-A All-Share Index



Equity shares traded



Indices and ratios

Table with 2 columns: Index Name, Value, Change. Includes FT-SE Mid 250, FT-SE-A 350, FT-SE-A All-Share, etc.

FT-SE 100 Index

Table with 2 columns: Index Name, Value, Change. Includes FT-SE Mid 250, FT-SE-A 350, FT-SE-A All-Share, etc.

TRADING VOLUME IN MAJOR STOCKS

Table listing trading volume for various stocks like Astra, British Airways, British Telecom, etc.

EQUITY FUTURES AND OPTIONS TRADING

Table showing trading volume and price changes for equity futures and options contracts.

NEW 52 WEEK HIGHS AND LOWS

Table listing 52-week high and low prices for various stocks.

CHIEF PRICE CHANGES YESTERDAY

Table showing price changes for various stocks like London (Pence), Alford, Arney, etc.

FT-SE Actuaries Share Indices

Table showing FT-SE Actuaries Share Indices for various sectors like Insurance, Pensions, etc.

The UK Series

Table showing various UK economic and market indicators.

Insurers suffer

Insurers fell back in reaction to the big slide in bonds and equities. General Accident, the company most exposed to US Treasuries...

Water stocks steady

Water stocks were resilient as investors attempted to target the next bid in the sector, following the approach from Wessex for South West Water.

Hourly movements

Table showing hourly price movements for FT-SE 100, FT-SE Mid 250, etc.

FT-SE Actuaries 350 industry baskets

Table showing industry baskets for FT-SE Actuaries 350 index.

Table with multiple columns showing detailed market data, possibly related to the 'Insurers suffer' section.

Table with multiple columns showing detailed market data, possibly related to the 'Water stocks steady' section.

Advertisement for Fidelity Brokerage, featuring '0.5% annual PEP fee' and '£100 cashback towards your exit costs'.

LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

Table listing investment trusts with columns for Name, Price, and % Change.

LEISURE & HOTELS - Cont.

Table listing leisure and hotel companies with columns for Name, Price, and % Change.

OTHER FINANCIAL - Cont.

Table listing other financial companies with columns for Name, Price, and % Change.

PROPERTY - Cont.

Table listing property companies with columns for Name, Price, and % Change.

SUPPORT SERVICES - Cont.

Table listing support services companies with columns for Name, Price, and % Change.

AMM - Cont.

Table listing AMM companies with columns for Name, Price, and % Change.

OTHER INVESTMENT TRUSTS

Table listing other investment trusts with columns for Name, Price, and % Change.

INVESTMENT COMPANIES

Table listing investment companies with columns for Name, Price, and % Change.

OIL EXPLORATION & PRODUCTION

Table listing oil exploration and production companies with columns for Name, Price, and % Change.

PROPERTY

Table listing property companies with columns for Name, Price, and % Change.

SUPPORT SERVICES

Table listing support services companies with columns for Name, Price, and % Change.

WATER

Table listing water companies with columns for Name, Price, and % Change.

AMM

Table listing AMM companies with columns for Name, Price, and % Change.

LEISURE & HOTELS

Table listing leisure and hotel companies with columns for Name, Price, and % Change.

PHARMACEUTICALS

Table listing pharmaceutical companies with columns for Name, Price, and % Change.

RETAILERS, GENERAL - Cont.

Table listing general retailers with columns for Name, Price, and % Change.

CNBC logo and advertisement: 'There's no time like the present to check your futures. Call 0990 11 55 55. Live 24-hour global business TV. European launch 11 March 1996.'

TELECOMMUNICATIONS

Table listing telecommunications companies with columns for Name, Price, and % Change.

TEXTILES & APPAREL

Table listing textiles and apparel companies with columns for Name, Price, and % Change.

RETAILERS, GENERAL

Table listing general retailers with columns for Name, Price, and % Change.

RETAILERS, FOOD

Table listing food retailers with columns for Name, Price, and % Change.

PAPER, PACKAGING & PRINTING

Table listing paper, packaging, and printing companies with columns for Name, Price, and % Change.

LIFE ASSURANCE

Table listing life assurance companies with columns for Name, Price, and % Change.

MEDIA

Table listing media companies with columns for Name, Price, and % Change.

TOBACCO

Table listing tobacco companies with columns for Name, Price, and % Change.

TRANSPORT

Table listing transport companies with columns for Name, Price, and % Change.

AMERICANS

Table listing American companies with columns for Name, Price, and % Change.

CANADIANS

Table listing Canadian companies with columns for Name, Price, and % Change.

SOUTH AFRICANS

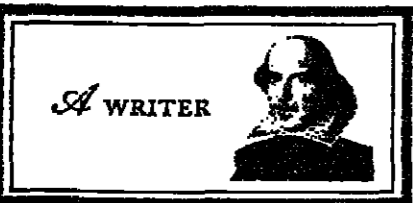
Table listing South African companies with columns for Name, Price, and % Change.

GUIDE TO LONDON SHARE SERVICE

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FINANCIAL TIMES

Weekend March 9/March 10 1996



Egyptian summit to focus on combating terror World leaders to attend Middle East peace talks

By Julian Ozanne in Jerusalem
More than a dozen heads of state are expected to attend a summit in Egypt next Wednesday, hosted by US president Bill Clinton and Egyptian president Hosni Mubarak, to rally support for Middle East peace and co-ordinate ways of combating regional terrorism.

government's peace policies, had taken the lead over Mr Peres. A poll published yesterday by Dahaf, the second biggest polling organisation in Israel after Galup, gave Mr Netanyahu 49 per cent and Mr Peres 46 per cent. It was the second poll in two days showing Mr Netanyahu narrowly ahead. Two weeks ago Mr Peres, who has called early elections for May 29 on a platform of making peace with Arabs, had a 16-point lead over Mr Netanyahu. Israeli officials said Mr Clinton would visit Israel - his third visit in 18 months - after the summit at Sharm el-Sheikh to show solidarity with Mr Peres. The Israeli prime minister said Arab attendance at the summit would be unprecedented. "It is a very important thing," he said. "It is the world's support in the fight against terror and also in the advancement of the peace process."

ICL to pull out of personal computers after £188m loss

By Paul Taylor in London
ICL, the only UK-based computer group manufacturing a full range of equipment, is pulling out of its loss-making personal computer business. The group is also spinning off its contract electronics operations to focus on computer services.

Fujitsu of Japan, its 84 per cent owner. Mr Todd's five-point plan includes refocusing the group on the computer systems and services business - one of the fastest growing sectors of the information technology industry. ICL's refocused business will have annual sales of around £2.6bn. As part of this strategy ICL will put its PC business into a new global PC company to be set up by Fujitsu. ICL will have a stake of between 15 per cent and 19 per cent in this company. It also plans to sell a majority stake in its D2D contract electronics manufacturing subsidiary, which has annual sales of around £350m. At the same time ICL plans to create two new software businesses, one focused on its interactive multimedia services. ICL's decision to quit the PC business marks a further realignment in the global PC industry. It is an important step in ICL's

Sales of Japanese ballads strike a sad note

By Emiko Terazono in Tokyo
The sound of *enka*, the wailing ballads that accompanied Japan's postwar rise, is fading. The songs are being ignored by younger Japanese and are rapidly losing their share of the music market, much as the subjects of the melancholy tunes have been abandoned by their lovers.

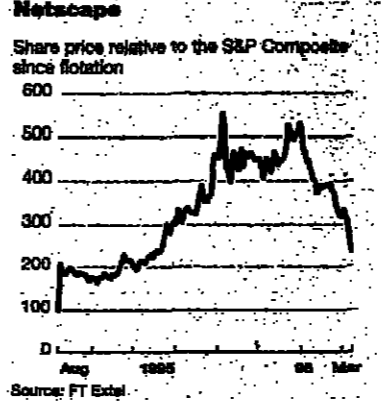
The ballads were popular when Japan struggled to catch up with the west and much of the population was relatively poor. They sentimentalised the plight of hard-working labourers, the end of the traditional rural lifestyle, and the silent suffering of women in ill-fated relationships. After peaking in the 1970s, sales of *enka* recordings have plunged and last year only accounted for 2.1 per cent of the total, down from 7.1 per cent in 1989. The remaining fans are generally middle-aged male office workers, who are fond of singing along in karaoke bars. As if to highlight the limited market for *enka*, the sound vans of Japan's extreme rightwingers have put the mournful ballads on their playlist as they drive through Tokyo's banking district to protest against the country's housing loan scandal. In the past, the vans blasted out military marches. "There has been a radical change in social values," says Mr Hisashi Iwasawa, an official at Oricon, a music data magazine. *Enka* songs about weeping, abandoned mistresses do not go down well with today's more liberated Japanese women, he said. "Songs of women kicking men out of their way are much more popular," Mr Iwasawa added. Such sentiments are hardly reflected in the lyrics of one of the more popular postwar *enka*, "Sad Sake". "I want to forget him by drinking. But the more I drink, I see his face reflected in my glass."

THE LEX COLUMN

Jobs jitters

The jump in February US non-farm payrolls, which sent markets into a lull, is being followed by a sharp rise in the US interest rate rate cut later this month. While it may seem risky to pin too much faith on a single set of data - particularly one which is frequently revised - the jump is big enough to suggest that the US economy is in surprisingly good shape. Furthermore, the impact of the figures suggests that even after recent declines, the bond market remained vulnerable to bad news. With the prospect of the next move in US rates being upward and the re-appearance of the spectre of inflation, any consolidation could prove short-lived.

FT-SE Eurotrack 200: 1663.0 (-21.6)



US equities will find it increasingly difficult to buck a weak bond market. Although stronger economic growth means that corporate earnings are less likely to disappoint, bond valuations had become essential to underpin stocks.

Continental European markets are likely to prove more resilient. The crossover of US and German bond yields, already overdue, now appears inevitable: the gap shrank to single digits yesterday. But the UK market looks set for further trouble. With the UK economy already looking fairly robust, plus have little to look forward to but rate rises and pre-election jitters, while the steeper yield curve is likely to depress the stock market.

Netscape
What goes up must come down. That is the lesson from Netscape, the star of last year's Internet craze. The start-up's share price rose six-fold in the four months following its float; in the past month, it halved. What has happened? In a word, Microsoft. Last year, the market worried that Netscape's dominance, providing an Internet software market would undermine Microsoft's near-monopoly of personal computer software.

How the tables have been turned. Microsoft's counter-attack has been brutal. Not only is it giving away its "browser" software, which consumers use to roam the Internet; its "server" software, which allows companies to publish information on the Web, is also being given to those buying its Windows NT operating system. Netscape, which derives 80 per cent of its revenue from server software, has had to respond by slashing prices. Microsoft is also trying to woo online companies, such as America Online, to use its browsers for their Internet services. If Microsoft is successful, its market share will soar.

How can Netscape respond? It may hope other computer groups, fearful of Microsoft's dominance, will rally to its side. It could rely on its technical lead, though that is eroding. If all else fails, Netscape can cry foul about Microsoft's tactics. But calling on the competition authorities has not stopped Microsoft in the past.

Taiwan
The Taiwan Straits witnessed an awesome display of power yesterday. On the one side China's sabre-rattling escalated into physical threats, with "missile practice" blockading Taiwan's main ports. And on the other, there was an extraordinary display of financial muscle. Government buying pushed shares higher, while Taiwan's central bank had no problem supporting the currency against panic buying of US dollars - it has the world's largest foreign reserves.

These trends look set to continue until Taiwan's presidential elections on March 23. China is trying to scare voters away from candidates who support independence from the mainland. These include President Lee Teng-hui, who angered China with his campaign to get Taiwan into the United Nations. The bullying is backfiring, as national outrage has virtually guaranteed President Lee's re-election. Nonetheless, the risks of conflict look low. China is merely reminding President Lee not to overstep the mark. On that basis, Taiwanese shares look cheap. Excluding the pricier banks, the market is trading at 11 times 1996 earnings, providing an attractive alternative to Hong Kong. After all, if relations with China thaw, Taiwan will bounce strongly, whereas in the unlikely event of conflict both markets would crash.

ICL

Sir Peter Bonfield timed his jump from ICL to BT perfectly. It has been left to Mr Keith Todd, his successor as chief executive of the UK computer services group, to announce after-tax losses of £194m for 1995. That takes some of the shine off Sir Peter's reputation as a miracle-worker. Of course, the red ink partly reflects Mr Todd's decision to split the business into three divisions to ICL's parent Fujitsu and selling its contract manufacturing operation. The result is a big bath provision of £153m. But the underlying performance of ICL's core systems and services business also deteriorated, with operating margins slumping from 3.9 per cent in 1994 to 1 per cent last year. Mr Todd's main task should be to get margins up - to something like the 8 per cent plus that ICL's best competitors such as EDS and Sema enjoy. Yesterday's cost-cutting will improve margins by 1/2-2 per cent. Shedding the peripheral manufacturing businesses could also help if it allows top management to focus more single-mindedly on services.

Certainly, ICL's associated recapitalisation will give it the financial strength to bid for large outsourcing contracts. But undercutting rivals in a drive for market share will not be sufficient to boost margins. Something extra will be needed before ICL is in a fit state to be relaunched successfully on the stock market.

SBC Warburg

Halifax Building Society's decision to oust SBC Warburg as its adviser on its forthcoming £10bn float is not just financially damaging, though it will cost the investment bank millions of pounds. Warburg's most significant client loss since last year's takeover by Swiss Bank shows that staff departures are taking their toll on the business. Halifax's decision follows the departure of two Warburg executives supposed to oversee the flotation. A potential conflict of interest can have played only a small part: given that Halifax was Warburg's most important financial services client, it would surely have sacrificed smaller fish.

The danger for Warburg is that Halifax's loss of confidence will have a snowball effect. Certainly Deutsche Morgan Grenfell - the big winner from Halifax's decision and home to a large number of Warburg defectors - will be hoping its own small snowball is finally rolling.

GM launches suit against Volkswagen

Continued from Page 1
part on information supplied by German criminal investigators, includes allegations that Mr López and others stole documents detailing GM's agreements with suppliers of some 60,000 different vehicle parts, along with "reams of data about two new car

programmes. The US company also accused VW of stealing a plan to revolutionise its production process with the construction of what it called its "Factory of the Future", or "Factory X". This plan reappeared verbatim in VW's computer records, under a project known as "Factory B".

GM claimed, Mr López last month announced VW's plans to build its "Factory of the Future" in Brazil. GM also claimed that, a week after Mr López agreed to join VW, one of the German company's jets was sent to collect around 30 cartons of GM papers from his house in Spain.

Deadlocked Japan may shelve home loan bailout, Page 4

FT WEATHER GUIDE

Europe today
Persistent high pressure over Finland will continue to dominate. East of the high, cold air from the polar regions will cross Russia and the Ukraine heading for eastern and south-eastern Europe. There will be rain or snow showers along the Black Sea coast of Romania, Bulgaria and Turkey. Southern Turkey, Cyprus and Greece will be dry with sunny periods. Western and central Europe will stay cold and dry with easterly to south-easterly winds and a lot of sun. Low pressure over the Atlantic will cause cloud and showers, especially in eastern England and Scotland. Rain is expected in Portugal and western Spain. The Mediterranean will remain unsettled with rain and even some thunder showers in Italy, Sardinia and Malta.

Five-day forecast
High pressure over Finland will cross to Siberia during the next few days. Cold air over Russia and eastern Europe will move towards central Europe and western Europe bringing lower temperatures and more cloud. Much of Europe will remain dry. Precipitation is expected over Iceland, Ireland, Scotland and northern Portugal. The Mediterranean region will remain unsettled.

Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

Maximum	Minimum	Forecast	
Abu Dhabi	sun 28	Bahrain	sun 30
Algiers	show 19	Berlin	sun 13
Amsterdam	sun 7	Birmingham	sun 11
Athens	sun 10	Bombay	sun 33
Atlanta	sun 4	Brussels	sun 10
B. Aires	sun 30	Budapest	sun 12
Bham	sun 30	Calcutta	sun 35
Bangkok	sun 35	Cairo	sun 24
Barcelona	show 13	Cape Town	sun 24
Caracas	sun 30	Cardiff	sun 10
Casablanca	sun 18	Chicago	sun 11
Cebu	sun 24	Colombo	sun 24
Dallas	sun 11	Dakar	sun 30
Dhaka	sun 32	Dubai	sun 30
Delhi	sun 30	Dublin	sun 12
Hankow	sun 12	Hong Kong	sun 23
Hanoi	sun 27	Houston	sun 22
Harbin	sun 3	Jaipur	sun 30
Jakarta	sun 30	Johannesburg	sun 17
Jordan	sun 24	Karachi	sun 24
Kuala Lumpur	sun 34	Kuwait	sun 28
London	sun 10	Los Angeles	sun 13
Luxembourg	sun 10	Lima	sun 13
Lyon	sun 12	Madrid	sun 17
Manila	sun 27	Medan	sun 27
Moscow	sun 10	Mumbai	sun 30
Munich	sun 11	Nairobi	sun 24
Nassau	sun 22	Nepal	sun 14
New York	sun 12	Nice	sun 12
Osaka	sun 15	Paris	sun 12
Perth	sun 12	Puerto Rico	sun 28
Prague	sun 8	Rangoon	sun 28
Riyadh	sun 30	Rome	sun 14
Singapore	sun 31	Sydney	sun 22
Stockholm	sun 5	Taipei	sun 17
Sydney	sun 22	Tel Aviv	sun 18
Tokyo	sun 12	Toronto	sun 7
Vancouver	sun 13	Venice	sun 8
Warsaw	sun 10	Wellington	sun 19
Washington	sun 15	Winnipeg	sun 1
Zurich	sun 7		

TODAY'S TEMPERATURES

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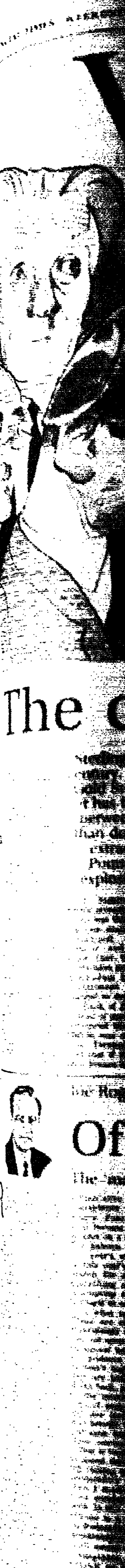
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 - London Business School, Sussex Place NW1
- Asia (continued)**
- Kuala Lumpur - Wednesday 13 March at 6.15pm
 - Hotel Istana, 73 Jalan Raya Chulan
 - Singapore - Thursday 14 March: presentation at 6.15pm or drop-in between 12 noon - 4.00pm
 - Westin Stamford Hotel, 2 Stamford Road
- Rest of the World**
- Tokyo - Thursday 7 March at 7.00pm
 - Hotel Okura, 2-10-4 Toranomon, Minato-ku
 - Hong Kong - Monday 11 March: presentation at 6.15pm or drop-in between 12 noon - 4.00pm
 - Mandarin Oriental Hotel, 5 Connaught Road
 - Taipei - Tuesday 12 March at 7.00pm
 - Sherwood Hotel, 111 Minsheng E. Road
 - Frankfurt - Wednesday 27 March at 6.15pm
 - Steigenberger Frankfurter Hof, Am Kaiserplatz
 - Los Angeles - Monday 1 April
 - The Biltmore, 506 S Grand Ave at 12.30pm
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Weekend FT



The countdown to meltdown

Just days before Black Wednesday, Norman Lamont and John Major discussed whether to withdraw sterling from the European exchange rate mechanism. This meeting between chancellor of the exchequer and prime minister was kept a close secret in Whitehall, but would allow Lamont to assert later that he had realised sterling's position in the system was unsustainable before it was driven out by the speculators. But by then it was anyway too late.

The two men met in 10 Downing Street on Monday evening. Lamont was accompanied by Terence Burns, the Treasury's permanent secretary, Major by Sarah Hogg, the head of the No 10 policy unit, and Alex Allan, his principal private secretary. The original purpose of the gathering was contingency planning for the following Sunday, when France would vote in a referendum on the Maastricht treaty.

For the moment the financial markets were relatively sub-

Sterling has haunted Britain's politicians for most of this century. From Winston Churchill's disastrous return to the Gold Standard in 1925 to John Major's Black Wednesday it has been an emblem of national decline. The tension between politics and the pound has never been greater than during the Conservatives' rule since 1979. In edited extracts from his forthcoming book, *Politics and the Pound*, Philip Stephens examines the impact of this explosive mix on the Thatcher and Major governments

dued. Sterling was under severe pressure but the expectation was that its DM2.95 central rate would hold until the French poll.

Major and Lamont both knew that the government might have no option after the referendum but to accept a realignment. Eddie George, charged as deputy governor of the Bank of England with the defence of sterling, had become convinced that a break with DM2.95 was only a matter of time. Terence Burns considered that if the line was held until France had voted on Sep-

tember 20 possible escape routes could open up. These might include a wider fracturing of the ERM or a general revaluation of the D-Mark.

Lamont suggested, however, that the government might have to consider suspending sterling's ERM membership. Ten days earlier, in a bitter clash with Helmut Schlesinger, the Bundesbank president, he had failed to secure a significant reduction in German interest rates. Now he said that Britain could not accept indefinitely the deflation involved in maintaining a rate of DM2.95.

The chancellor had raised the same possibility during an earlier meeting with the prime minister in July, but had dismissed it.

By September, however, he was still more pessimistic about the economic outlook, fearing that, without a cut in interest rates, recession might turn to slump. If German rates did not fall in coming months the government should reappraise the commitment to the ERM lest the economy become locked into zero growth indefinitely. Lamont concluded that if circumstances had not

changed by Christmas the government might have to leave the system.

It was clear that the chancellor was putting down a marker rather than pressing for an immediate decision. Major's response, according to officials, was ambiguous. To some the prime minister seemed sceptical. Only a few days earlier he had declared that devaluation would be an act of "national betrayal".

Now he replied with unintended prescience that there was little point in setting timetables and deadlines as Lamont had proposed. Much more likely, he added, events in the financial markets would determine the outcome.

The official Downing Street record of the meeting, however, also records another reaction which suggests that Major was fully alive to the damage being inflicted on the economy. If there was no easing of the tensions, he is reported as saying, the government might have to act "a good deal before Christmas". The discussion

was to prove academic. Sterling would not last in the mechanism beyond midweek.

□ □ □

This sequence of events had been set in train even as Major basked in the glow of his election victory in April 1992. Against all expectations, the Danish electorate voted on June 2 to reject the treaty which had been signed by European leaders in Maastricht six months before. Suddenly the progress towards economic and monetary union upon which the stability of the ERM was predicated was in doubt.

This fatal weakening of the glue of confidence was exacerbated by Francois Mitterrand's announcement that France would also hold a plebiscite. Mitterrand saw an opportunity

to restore his political fortunes, but he misjudged the disgruntled mood in France. The date of the poll, September 20, meanwhile gave the markets a target at which to aim.

The disequilibrium within the ERM, hitherto submerged in the assumption that member states were travelling in convoy towards a single currency, was now exposed.

The D-Mark was the anchor for the system, but Germany was sailing in the opposite direction to its partners. Its economy demanded high interest rates to stifle the inflationary pressures caused by reunification; elsewhere governments were struggling to pull their economies from recession.

As long as interest rates in

Continued on Page II

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Joe Rogaly

Of pigs and bioethics

The 'mad scientists' may be leading us down the road to our ruin

Rampant mad scientists will make Frankenstein monsters of us all. Hunched over their test-tubes, they are grinning backwards at our video and demanding that we eat their replica-sheep. In another laboratory they are growing ears on the backs of mice, for affixing to humans. Over there they are giving intensive care to pigs, that their livers may suit transplant patients.

On another day calls taken from baboon bone marrow were injected into a sufferer from AIDS, the benefit of which has yet to be established. We can be sure that in some dungeon somewhere they are musing over the possibilities of cloning humans, a gold mine for a future Perpetual Billionaires corporation.

The above fulminations could be turned upside-down. We could focus on the half of the glass that contains the nectar of promise. Yes, researchers in Edinburgh have cloned a pair of Welsh lambs from a single embryo. That is from a single embryo, for the food surely good news for the food industry. The ear-bearing mice, an unforgettable TV image some months old, may alleviate the discomfort of people who might otherwise remain disfigured.

Pig livers, the potential use of which was declared sort-of ethical on Wednesday, may keep some unfortunate indi-

viduals alive while they await transplants from a human source. Porcine organs may even become serviceable substitutes on a permanent basis. The baboon marrow, one of last year's experiments, may be this year's flop, but in the search for a cure for AIDS everything should be tried. Attempting to clone humans is illegal in several countries.

So what are we to think? These are either dangerous experiments with nature, carried out upon helpless animals by amoral technicians or they are evidence of the blessings of man's ingenuity. Actually, they are both. Nature might strike back, probably will, but in the meantime large numbers of people, which could any day include you or me, may benefit. Call me balanced and sane, but I can reach no other conclusion.

This is tough. I had thought to spend this Saturday morning ranting on about the irresponsibility of science, but then I made commentator's error number one. I read the book. In this case the culpable volume is a report published on Wednesday on the ethics of xenotransplantation. The long word means animal-to-human transplants. The Nuffield Council on Bioethics advises such matters. It set up a working party and what we have here is its submission.

It makes fascinating reading. It confronts the "slippery slope" argument, which is that if it is OK to use chimpanzees and other monkeys as organ donors it might become acceptable to use certain fatally damaged human babies, and so on. "These sentiments are too strong to be easily cast aside," says the report. It recommends that non-primate species should be regarded as the source animals of choice. Ergo, pigs.

The working party explores the objection that xenotransplantation is "yet another attempt by human beings to deny their own mortality." This reflected a "more general ambivalence about 'high-tech' medicine that is sometimes thought not only to yield little benefit in terms of increased quality of life, but also to undermine human dignity in death".

In response, the authors observe that transplantation is increasingly a routine, "and

not especially expensive" form of treatment that can both prolong life and improve its quality. In the UK the first transplant of a valve from a pig's heart to a human patient was in 1964; it is now an everyday occurrence.

The proceed-with-caution verdict of this study will be welcomed by companies that are investing in the process, including Imutran Ltd. in the UK and several small businesses in the US, one of which is Nextran, backed by Baxter Healthcare. I hope the relevant investors are not risking their shirts on this. It must be a tricky procedure, getting specially bred pigs biologically prepared to make donations that are not rejected by the new hosts.

Then again, the entire mad-scientist industry is based on risk. Cloning sheep may ensure that every chop fits exactly into its shrink-wrap but even we ignorant non-scientists understand that genetic differences keep a species going. Abolish the differences and you court trouble. The bacteria that inhabit the standardised lambs, and therefore us, will mutate; new diseases may attack our immune systems. Where did AIDS come from, anyway?

None of this troubles me as much as the risk to humanity's sense of itself. "The aim of the report," say the Nuffield

authors, one of whom is a philosopher, "is to seek as much common ethical ground as possible." What does that mean? We live in an age when absolute beliefs, timeless and universal, are rejected in favour of contextual judgments - ethics or moralities that change according to time and place.

Talk about slippery slopes! No unchanging ethics, no religion, no real difference between us two-legged destroyers and any other species. If we live without a god or a soul, as the most "modern" among us would have us believe, who is to say that we count for anything? If bits carved off this or that animal are interchangeable with bits of us, where do we place the sanctity of life?

The difficulty, the interstellar beings who research the story of a deserted planet will say, is that humans could not relate what helped them as individuals to what eventually destroyed them as a species. Each of us drives, or would like to; together our vehicle emissions cover the atmosphere with carbon dioxide. A new bit of pig would be acceptable to me in extremis; it may be another step towards a science-created doom for life on earth. There. The rant. I could not suppress it. It must be something in the water. Or the food chain.

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PERSPECTIVES

How Thatcher was left alone

In further edited extracts from his book, Philip Stephens tells of a breakdown in cabinet relationships

By the beginning of 1988, Nigel Lawson's economic miracle had dissolved into a mirage. His relationship with prime minister Margaret Thatcher had all but broken down in his attempt to convince her to take sterling into the European exchange rate mechanism. For four years the chancellor of the exchequer had battled in vain to the sterling to the D-Mark. Boom was turning to bust yet even now he hoped he might persuade her to relent. But the pivotal relationship of the Thatcher decade had fractured.

Her intense irritation with speculation that she might be forced to admit "the time was right" to join the ERM had bred in the prime minister a growing indiscretion. Her careless comments in the House of Commons about "bucking the market" had badly undermined the chancellor's authority. As she looked forward to the return to 10 Downing Street of Sir Alan Walters, her staunchest ally in the struggle with Lawson, she was still more forthright in private conversations.

One such occasion was a reception for political journalists in the House of Commons in January 1989. Thatcher was in relaxed mood, reflecting on the momentous events in Mikhail Gorbachev's Soviet Union. Their conversation turned to the ERM. "I won't have the Belgians decide the value of the pound," she stormed. "You shouldn't pay attention to what they say in the Treasury."

Her interlocutors were startled. But she launched next into an account of the "national humiliation" of Britain's withdrawal in 1973 from the European Snake. She had been education secretary at the time but she spoke as if it had been a moment of personal shame. Then there was the contradiction she had pointed out in an exchange with Neil Kinnock only days earlier



Howe, Thatcher and Lawson: who could have guessed that Major would succeed each of them in turn? (Photograph by FT photographers)

tackling inflation was the main priority and you could not fix interest rates and the exchange rate at the same moment. She continued unprompted with her catalogue of objections. No, she was not even sure that she would join the ERM if, as she fully expected, she won a fourth term of office. Her views duly appeared on the front pages of two national newspapers

the following morning. The Treasury was baffled and annoyed. A senior official briefed journalists that the reports no longer reflected the true position. It was not until some time later that the Treasury discovered the words had come directly from the prime minister herself. Such was the way economic policy was made in Margaret Thatcher's government.

The row over the D-Mark had exposed fundamental differences in approach to economic management. Lawson was forever in search of intellectual frameworks - rules to contain public spending, balanced budget doctrines, exchange rate systems - into which he could slot day-to-day management of the economy. For all the contradictions in her outlook, Thatcher's instinct was

The voice of the people

On the opening day of the Conservative party conference in October 1992, senior Treasury officials were summoned to Brighton by John Major and Norman Lamont. It was three weeks since sterling had been ejected from the ERM, but the government had still to build an alternative economic strategy. The officials gathered without fanfare, unnoticed by television crews as they gathered in an upstairs suite of Brighton's Grand Hotel.

Major and his team of officials from No 10 looked out of the hotel windows towards the beach. A knot of protesters gathered opposite on the promenade and another group travelled along the seafront in a bus fitted with loudspeakers. The protesters' demands drifted into the room: "Cut interest rates now, end the recession."

If only they knew, thought one of those in the room. Within two weeks, Major had unveiled his "strategy for growth". Now he would listen to the clamour in the country for an end to the recession.

They would persuade Thatcher that only if it made a firm commitment to join the ERM would the government's objections to economic and monetary union be taken seriously by its European partners.

Their joint memorandum, sent to the prime minister in the run-up to the European summit in Madrid, was a remarkable document, distilling in 35 terse paragraphs the conflict at the heart of the cabinet. Its innocent title, "EC Issues, and Madrid", belied the explosive nature of its content. Its final sentence, "Could we discuss this with you?", offered a vivid image of the extent to which Lawson and Howe had been driven from the government's inner councils.

Ostensibly, the strategy outline by the two ministers was tailored to the prime minister's objectives. By signalling that it was ready to join the ERM, Britain might derail Delors' ambition to use the mechanism as a springboard for a single currency. But the memorandum went well beyond that narrow objective. In terms which were soon to find a constant echo among pro-Europeans on the Conservative back benches, it carried a deeper warning about the risks of isolation in Europe. The choice was between engagement in the debate and banishment to the sidelines. A threat to veto EMU would be a futile gesture: there was a real prospect that the other 11 governments would establish new arrangements outside the Treaty of Rome to create a single currency. And if Britain became "semi-detached" it would soon find it had lost influence in Washington as well as in Brussels.

The officials who drafted the document were aware that their political masters were playing with fire. It was classified "secret", and only a handful of people had access. Terence Burns, Lawson's chief economic adviser, added his voice to those counselling discretion: writing a cautionary note in the margin of an early draft. At another point, John Kerr, Howe's private secretary, was heard to remark that, if Howe and Lawson did not tread with extreme caution, "they will both be gone by the end of the year". And so it was.

Margaret Thatcher had been cornered but, as Kerr predicted, she would exact revenge. Her decision to move Geoffrey Howe from the Foreign Office in July 1989 and Nigel Lawson's resignation three months later carried an air of painful inevitability.

The ultimatum delivered by her two most senior ministers had given her a choice. She could leave them in place and submit; or she could seek to break the alliance and reassert her supremacy. It was true to her character that she chose the latter. It was also to be expected that Lawson would soon conclude that he had nothing to gain from remaining at the Treasury. The relationship between prime minister and chancellor is the essential hinge of any government. That between Margaret Thatcher and Nigel Lawson had snapped.

She failed to realise, however, that in re-establishing the outward form of her authority, she would destroy its foundations. Howe and Lawson in their different ways had been the architects of Thatcherism - they had given intellectual shape and substance to her powerful instincts and undoubted courage. Once they had gone, she would be alone. No one could have guessed that within 18 months John Major would have succeeded all three of them in turn.

Continued from Page 1

Germany remained high, however, his partners could not cut borrowing costs to the level of tension had been apparent when Britain joined the ERM two years earlier. But it was not until 1992 that the Treasury and the Bank fully appreciated the seriousness of the conflict. Major had joined the ERM to tame inflation. The danger now was that it would bring depression.

Just as it cracked the foundations of the ERM, so the Danish vote destroyed the fragile peace over Europe in the Tory party. As the prospects for economic recovery receded, Europe and the economy were becoming inextricably entangled. A growing band of Conservative Eurosceptics made the dangerous elision between the treaty, the ERM and the recession.

It was obvious the economy needed a sharp cut in interest rates, but that was not possible with sterling tied to the D-Mark. And what was the ERM, the Eurosceptics asked, if not the route to the single currency and the federal state envisaged by the treaty?

The Tory divisions over Europe would soon harden into the most destructive internal

conflict since that over tariff reform at the beginning of the century.

It was at this point, however, that the government made the critical judgment which led inexorably to Black Wednesday. It ruled out devaluation except in the highly unlikely and unexpected circumstance of a revaluation of the D-Mark against all other ERM currencies.

From the starting point that, above all, the economy required lower interest rates, the Treasury concluded fatefully that devaluation inside the ERM would lead to higher rather than to lower borrowing costs. At 10 per cent, British interest rates were only about 0.25 percentage points higher than those in Germany.

This small "risk premium" was much lower than at any point in the 1980s. The Treasury believed the gap had closed only because the markets now accepted the government's commitment to defend sterling's value. The conclusion was that if the pound was devalued - unilaterally or alongside other weak currencies such as the lira and the

peseta - this essential credibility would be lost. Investors would demand a higher risk premium and devaluation would thus lead to higher interest rates or still further pressure on sterling.

This analysis - set out in detail in a confidential Treasury paper written by Alan Budd, the chief economic adviser, and endorsed by Terence Burns - was reinforced by a second assumption. This was that the theoretical benefit of a lower pound would be strictly temporary. Higher import prices would quickly feed through into increased costs for domestic producers, wiping out the initial competitive gains.

The odd dissenting voice was heard in Whitehall. Some Treasury officials questioned the wisdom of slamming shut so firmly its potential escape routes. But the official orthodoxy formed the basis for a definitive speech by the chancellor. Delivered on July 10 to the European Policy Forum, his obstinate rejection of devaluation would return to haunt the chancellor. From this point there was no going back. The

policy and the rhetoric became mutually reinforcing.

Major now fell into a perilous trap. Like Winston Churchill and Harold Wilson before him, he treated sterling's exchange rate as a badge of national pride. In his private and public pronouncements, he insisted he would defend the pound to the last. In five, perhaps 10, years, he mused, ster-

Only when Eddie George was present could they track events in the markets

ling would be among the world's strongest currencies - stronger perhaps than the D-Mark. It was a proposition as fanciful as it was dangerous.

For those who watched as sterling was driven out of the ERM, it was a convulsive expe-

rience, the most devastating of their political careers. Douglas Hurd, the foreign secretary, would later recall that, outside, it was a bright sunny day.

The mood within Whitehall had never been darker. Robin Leigh-Pemberton, the Bank governor, was overwhelmed by a terrible sense of failure. Kenneth Clarke, the home secretary, and Michael Heseltine, the trade secretary, were stunned by their helplessness. Hurd saw his carefully crafted European policy demolished alongside the government's economic strategy.

Severely shaken, Major nonetheless safeguarded his own position. His senior ministers were locked into every decision to ensure this was a collective defeat. Clarke would recall: "We were there to put our hands in the blood."

There were moments of dark comedy. Major's temporary base in Admiralty House during the refurbishment of 10 Downing Street had no telephone switchboard, no Reuters monitors, no computer network. Lamont darted to and from the Treasury.

Eddie George carried a

larger meeting of ministers and officials. The chancellor judged sterling's withdrawal from the system inevitable. Leigh-Pemberton concurred: the reserves were haemorrhaging. Major set out the options: □ The Bank could keep intervening until its reserves were exhausted; □ The government could announce another, temporary, interest rate rise of three percentage points; □ It could seek a realignment within the ERM; □ The pound's membership could be suspended.

The Chancellor and the Bank favoured the fourth option. Major went round the table to elicit the views of each of his most senior ministers. Hurd led the argument that the government must keep fighting. There must be no accusation later that it had "thrown in the towel at the first squall".

Clarke backed another interest rate rise, as did Heseltine. But there was little confidence that the strategy would work. Heseltine thought it was too late to make a real choice.

So by the time the ministers regrouped at 3.45pm no one

had any doubts that the government had lost. Interest rates had been raised to 15 per cent. More than \$30bn had been thrown in vain at the markets, all but exhausting the reserves. Clarke, Hurd and Heseltine waited around for an hour before Lamont and Leigh-Pemberton arrived, cut off from the news but unhappily certain that this was a moment too terrible to be missed.

When the larger meeting was again reconvened at 5pm the decision to pull out of the ERM was a formality. The government's economic policy lay in ruins. Major's political reputation was in shreds, his party torn asunder. The failure robbed the prime minister of the authority of his office, just as his devaluation had so damaged Harold Wilson in 1967.

After his enforced departure from the Treasury, Lamont would charge that the government behaved as if "in office but not in power". To the extent that was true, Black Wednesday was responsible.

■ *Politics and the Pound*, by Philip Stephens, is published by Macmillan on March 22, price £20. FT Bookshop is offering signed copies at £20, including UK postage, to the first 50 readers to ring 0500-418419. See Page XIV for details.

The countdown to cabinet meltdown

Minding Your Own Business

Tight credit regime saves publisher's day

Clive Fewins on how a directory company landed on its feet

Salim Bhimji thought he was doomed to failure 10 months into the first year of his six-year-old business. His landlord noticed a large pile of printed material on the landing outside his Chelsea flat and pointed out that he was contravening the rules of his tenancy by running a business from his home.

In the business plan for his publishing venture Bhimji had calculated that he needed to operate from home for the first 2½ years to be at all sure of financial success. He realised he faced a crisis.

After a hasty search, he managed to find suitable offices for himself and Wendy Simpson, his part-time assistant. In a townhouse in Knightsbridge, a seven minute walk from his flat.

He used the skills he had learned as a freelance display advertisement salesman, negotiating rates to reduce the rent to £7,200 a year. "I discovered the existing tenant was on the verge of bankruptcy and that the landlord was desperate for a new tenant," he said. "In the end I got the first six months rent free."

Bhimji, 32, now runs a marine directory publishing business employing seven and turning over around £500,000 a year. Gross profits last year were £61,700 on a turnover of

£440,000. This year they are expected to be slightly better - about 16 per cent gross on a turnover of £530,000. However, he admits that he was lucky in getting through his first year.

"No matter how skilled and talented you are in order to succeed in business you also have to be lucky," he said.

Bhimji had not anticipated having to pay rent and business rates in his first 18-month accounting period. He had also made allowance for bad debts of £3,500 on advance sales of advertisements in his flagship publication, The Shipmanagers Register, whereas the true figure was £7,000.

"We could have been over our agreed overdraft figure of £30,000 after eight months, giving our banker, Lloyds, the potential to close us down," said Bhimji.

However, two more strokes of luck put him on the road to prosperity. The Kent-based printer of his first print run of 5,000 copies allowed him 60 days' credit, and his 25 per cent shareholders - the company he had acquired the title from in 1989 - allowed him 90 days' grace in paying the first of the 3.5 per cent royalties due on the first three issues.

At the end of his first accounting period in March 1991, Bhimji found he could breathe again. After working up to 90 hours a week, mainly on the end of a telephone selling advertising all over the world, his company, Ocean Press and Publishing, showed a gross profit of £21,000 on a turnover of £125,000.

Looking back, he thinks his greatest success was to negotiate a tight credit regime. The Shipmanagers Register and the two sister publications he has introduced survive on the advanced sales of advertising valued at up to £175,000 an issue. Collecting this money via his bank from the 55 countries where he has customers has, not surprisingly, caused Bhimji headaches throughout his six years in business.

The next stage for the company is to offer a parallel service on the Internet

"The title I acquired - then called the International Ship Management Handbook - was losing money for precisely this reason, and also because of poor sales levels," he said. "The company that ran it subsequently ceased trading in 1992."

Bhimji uses what he calls "my invention" to ensure cash flow. "My rule is that I do not deal with any potential advertiser until I know they have appeared twice in any other title," he said.

He achieves this by studying every other directory in the same field. He also has an arrangement with a Dutch company that supplies him with credit reports in return

for concessionary advertising rates. The reason for the rule about appearing twice is that if a bill is unpaid it is unlikely that an advertisement will be accepted in the next issue of that publication. Bhimji has also built up a database on how much is spent by each of his clients on advertisements in other publications.

Bhimji's "invention" has meant that bad debts have been reduced from 6 per cent in 1990 to nearer 2 per cent in his last trading year, which ended in March 1995.

His other headache has been staffing. "We have managed to acquire more space in the same building," he said. "Rent is now £12,500 for two floors. However, although we are now up to seven people on sales, editorial and administration on our three publications we still have a vacancy for a third sales person on The Shipmanagers Register. While our core staff is stable we have seen five people come and go in 16 months in that job."

Bhimji reluctantly accepts responsibility for this failure. "I believe I have mistakenly been putting them on territories where realistically there is very limited potential," he said. "I now feel the fault is mine, and that makes me feel bad. I suspect that at least two very good people have been and gone as a result of a serious misjudgment on my part."

Once turnover reaches £700,000 he thinks there will be a strong case for employing a full-time credit controller. The next stage in the com-



Facing up to crises: Salim Bhimji outside his Knightsbridge office

pany's future is to offer a parallel service on the Internet, and to find a partner who will cover sales in India, Pakistan and Sri Lanka from an office in India. Bhimji's family originated

from the north Indian state of Gujerat, although his parents are Kenyan Asians who came to England in 1973. Bhimji visits his clients in India and south-east Asia three times a year

and those in Scandinavia once a year.

"Some 97 per cent of our sales are overseas," said Bhimji. "This makes us, for our size, a useful source of

export earnings for this country."

■ *Ocean Press and Publishing Ltd*, 10 Beauchamp Place, Knightsbridge, London SW3 1NG. Tel: 0171-584 5580.

Class No 1118; 1 Pof (Divert 2, Pof), 1 Pof 2 Pof, or Pof 2 Pof. Traces include 1 Pof 7 Pof or 1 Pof 7 Pof or 1 Pof 7 Pof. 05 or 1 Pof 7 Pof.

The New Quarke

PERSPECTIVES

Morals adrift in the marketplace

Ian Hargreaves asks whether society is becoming immoral or is it simply lost in the confusion during a period of rapid change

It is not difficult to raise a quorum for the view that the UK is going to hell. In politics, there is something persistent about the morality soap opera. Moral judgment is the basis of all law-making, after all.

When your average sophisticated British politician discusses morality, someone invariably quotes Macaulay. "We know of no spectacle so ridiculous as the British public in one of its periodical fits of morality."

Whenever a British politician strikes a high moral tone, as John Major did in his Back to Basics campaign, the political world knows that it is only a matter of time before that leader is standing forlorn, wishing he had kept quiet.

We may be sure that something is going on when The School Curriculum Assessment Authority, which decides what children should learn in school and is known to education people as Scar, recently held a conference in London to debate the state of morality and plan a standing "values forum" to determine, and then promulgate, a new moral message.

Nicholas Tate, the head of Scar, told the conference that society was floundering in a sea of relativism, which he defined as "the view that morality is largely a matter of taste or opinion, that there is no such thing as moral error". In evidence, he pointed to a 1994 Mori poll, in which 48 per cent of 15 to 35 year olds said they did not believe that there were definite rights and wrongs in life, while 41 per cent felt that morality always depended upon circumstances.

Teachers found it difficult to convey a firm sense of right and wrong to their pupils because of the decline of religion, guilt at past excesses in dismissing the values of alien cultures, the rise of consumerism and, said Tate, "the full flowering of post modernism, with its simultaneous undisciplined rejection both of universal values and of our traditional sense of the significance of the culturally specific".

He admits that by the end of the conference things looked less clear than in his opening speech. Scar's values forum, even now hunting for "agreement within the country about basic moral principles" and a means of then conveying these to schoolchildren.

"I'm fairly clear," Tate says, "that it will not take the form of a simplistic set of moral commandments for the 1990s, even though I can see the advantages in a school of turning a statement of shared values into something that's catchy and memorable."

It is not difficult to spy dangers. The most obvious is whether we are, as Macaulay's dictum implies, imagining this moral crisis as many have been imagined before it. Perhaps our willingness to be alarmed reflects not our moral performance, but the confusion caused by rapid social and economic change



and the fall from authority of traditional moral teachers, whether secular or religious. Perhaps the whole moral panic represents a heading back to something which most of us would not want to recover, even if we could.

The evidence about moral decline relies upon two trends: the increase in divorce and the rise in violent crime. Certainly the former cannot be denied: since the 1960s birth control, affluence and a changed view of women have combined to alter family structures dramatically, although the debate about lone parents often misses the point that four-fifths of children still live in a household with two adults, one of each gender.

On crime, the statistics are slippery. The only truly reliable long-run figures are those for homicide, which show that the murder rate declined for seven centuries up to the present one, when it has been more or less stable. You were 10 times more likely to be murdered in Oxford in 1340 than in England today.

But this is not really an argument about figures. It is a debate about what we define as "the good life". Jonathan Sacks, the chief rabbi, and a big influence upon Tate, argues that our "moral crisis" began in the 1960s "when leaders of all kinds suddenly lost the confidence in handing on

moral traditions". He warns if we do not do something to "recover values of integrity in business and fidelity in human sexual relations, then we shall see the collapse of 4,000 years of Judeo-Christian civilisation".

The alternative view allows that the 1960s were indeed a period of appetite, with the birth of the mass consumer

You were 10 times more likely to be murdered in Oxford in 1340 than in England today

society, but that the decade also represented a turning point in many morally positive ways: we became more open-minded, sensitive to the needs and status of women, tolerant towards people of different racial origins and attentive to environmental questions.

Theodore Zeldin, author of the recent *Intimate History of Humanity*, argues that from the early 1960s "there was a moral movement which rejected the idea that people

could treat each other in the same way as they used to treat animals; they could not expect to be king of their families, they could not expect to be king of their firms, but they had to discover the dignity of other people".

As women started to improve their position in society, they began talking more equally with their partners, demanding honesty. A higher divorce rate, says Zeldin, represents among other things "a raising of standards".

Don Cupitt, who in the 1960s was starting to make his name as a radical Christian theologian, also thinks that we are in "a period of all change, rather than moral decline".

Economic liberals, he says, "often believe that everything else can float on the free market but that moral values can somehow be exempt. In fact, morality is all bound up with everything else. If you have a society that's in a continual flux of change, morality is going to be so as well."

Neither Zeldin nor Cupitt denies the importance of stable parenting structures for children. But they argue that there is no turning back.

Our definition of the good life has changed, not because we are degenerate but because we want it to. For politicians, this counter-analysis presents an awkward paradox.

Both Tory belief in entrepre-

she finds her pupils "more morally conscious" than their peers of 20 or 30 years ago.

She points to their strong sense of personal loyalty, their commitment to fairness between races and genders, their passion for environmental issues, their concern for charity and humanitarian causes. She says that some moral decisions face children earlier than they used to - sex is the obvious example - and that therefore "it's more visible to adults because these are still children at home".

Moral choices are also becoming more numerous, and in a sense we all know too much. Where once, trusted doctors took decisions about the treatment of the dying, today we have an open consideration of euthanasia. Genetic medicine makes intervention in natural outcomes - like the transmission of serious complaints such as cystic fibrosis - a question of personal moral choice. Rather than tell patients what they should do, doctors today offer risk assessments and probability ratios.

This makes our times morally demanding, but it doesn't make us immoral. A lot of the noise we hear in the debate involves the old moral authorities seeking to recover their status. But not many today think that politicians are equipped to build a new Jerusalem and fewer still would trust a prelate to design it.

Thinking for yourself, grappling with the moral universe as you see it, without the benefit of a trusted moral establishment, is harder than following a rule-book without asking questions, but it is also a more sure way to a worthwhile morality.

What we need to offer young people is not a moral highway code between hard covers, which would be obsolete as soon as it left the printers, but a multi-dimensional moral radar. As Charlotte Brontë said: "Conventionality is not morality."

Ian Hargreaves presents *Analysis: The Moral Marketplace on Radio 4 at 4.15pm tomorrow.*

Radio, Page XVII

The Nature of Things / Clive Cookson

Quarklets in the quark?

Scientists make a strange remark: We see quarklets in the quark!

For 20 years physicists have taught a doctrine, known as the Standard Model, in which quarks are the fundamental, indivisible building blocks of matter. So the first tentative evidence that the quark is not the ultimate subatomic particle - that something even smaller may lie within it - has put the world of particle physics in a flutter.

The evidence comes from experiments at the world's most powerful atom-smasher, Fermilab near Chicago. It was first published last month in *Science*, not as a refereed paper - the usual way for the journal to break research news - but as a journalistic scoop.

The Fermilab findings are preliminary and an alternative explanation to quarklets may yet emerge. Otherwise a new theory will have to be constructed, because the Standard Model has absolutely nothing to say about the hypothetical constituents of the quark.

The evidence comes from smashing protons into anti-protons at the highest possible energies. The proton contains three quarks - one "down" and two "up" - held together by lighter particles called gluons; the anti-proton has two down quarks and one up.

The quark was named by Murray Gell-Mann, the US Nobel laureate, after a line in *Finnegan's Wake*: "Three quarks for Muster Mark." Occasionally a proton/anti-proton collision is in the right orientation to produce a head-on crash between two quarks. They destroy one another in a burst of energy, which re-materialises in a spray of sub-atomic debris. Analysis of the Fermilab spray patterns shows that there are significantly more of the most violent head-on collisions than the Standard Model predicts.

The findings suggest that "harder" sub-particles are buried within the quarks. For an analogy, imagine hurling snowballs together. There will be more violent collisions if you pack them with pebbles.

Although only two types of quark, "up" and "down", are found in ordinary matter, the Standard Model predicts that there should be six. The existence of the sixth and last member of the family, the "top" quark, was finally confirmed a year ago at Fermilab. (Matching the six quarks is a family of six lighter particles called leptons, the most important of which is the electron.)

Because the Fermilab observations of possible quark structure were made with the accelerator working at the furthest limits of its capabilities, scientists may not be able to settle the issue, one way or the other, for several months or years. Indeed it may not be resolved until an even more powerful machine starts operating at Cern, the European laboratory near Geneva, in about 2006.

Meanwhile, theorists warn against leaping too quickly to conclusions. Apart from quarklets, there are several alternative explanations for the Fermilab data. The most prosaic would be some systematic error in the experiment, such as the calibration of the particle detectors. The researchers say they have discounted this but, with such complex equipment, can they be sure?

A more exciting possibility is that a previously unknown force, operating at ultra-short distances, affects the way in which the quarks bounce off one another. Or that the most energetic collisions create a

new super-particle which decays almost instantly into a spray of debris.

But invoking previously unknown forces and particles could be even harder for the theorists than giving quarks some internal structure.

The Standard Model does not absolutely prohibit structure within a quark, says Frank Close, head of theoretical physics at the UK Rutherford Appleton Laboratory. "But if there is an internal structure to quarks, then nature has disguised it remarkably well to look as if there isn't any. It is not just peeling another layer off the onion; there must be new physics there."

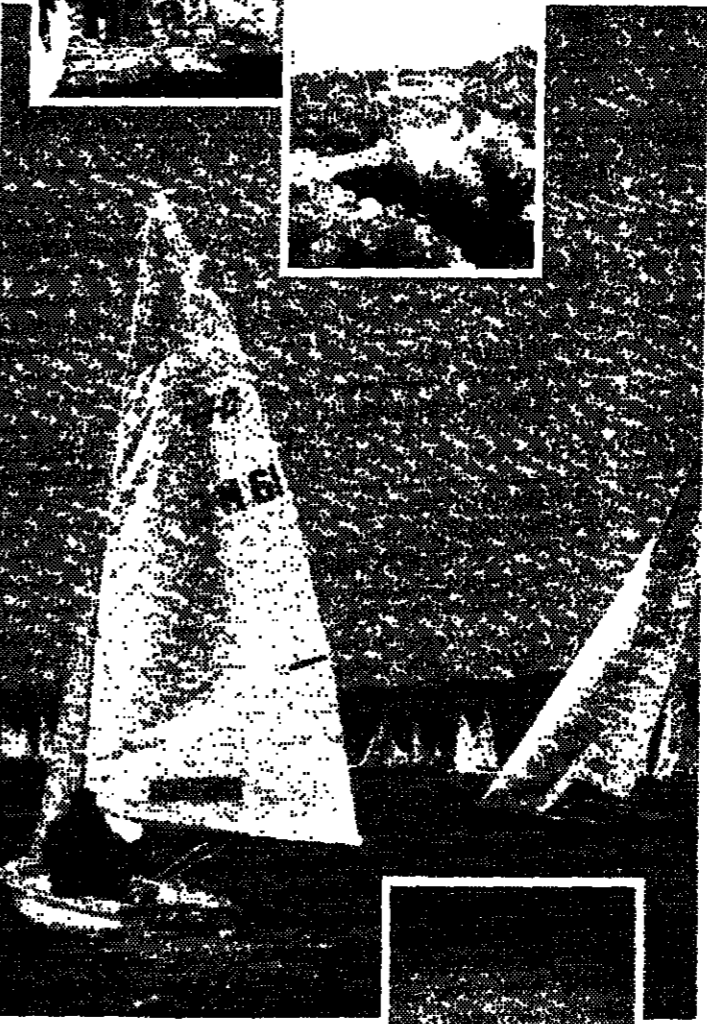
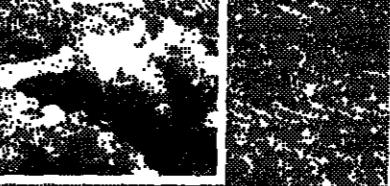
In other words, there is no way, within the known laws of physics, to divide up quarks or electrons into ever smaller generations of sub-particles. Because each step squeezes the mass into particular spaces, and leaves other spaces relatively empty, the process would require impossibly high concentrations of matter in impossibly little space.

If there were a way round this problem, then it would be possible to imagine a series of structures at increasingly small sizes: molecule, atom, nucleus, proton, quark, quarklet... But not an infinitum.

Quantum theory sets the ultimate limit of miniaturisation at about 10 to the power of -34 metres. The atom is a million million million times bigger than that, so there could still be a long way to go.

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It is especially worth coming to Hungary in 1996 as the country celebrates the 1100th anniversary of the settlement with more than 1100 programmes.

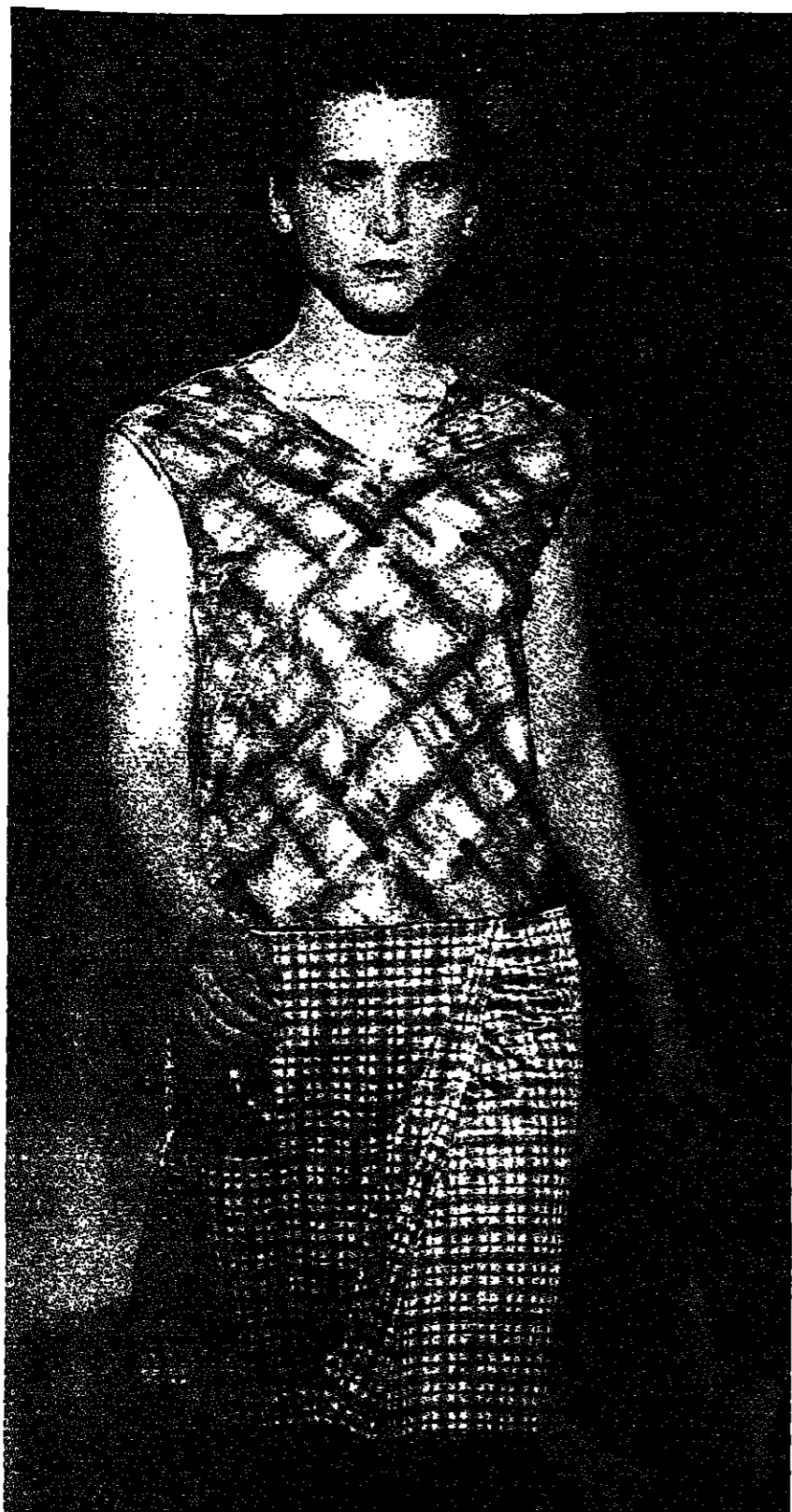
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FASHION

Riding on a wave of bad taste

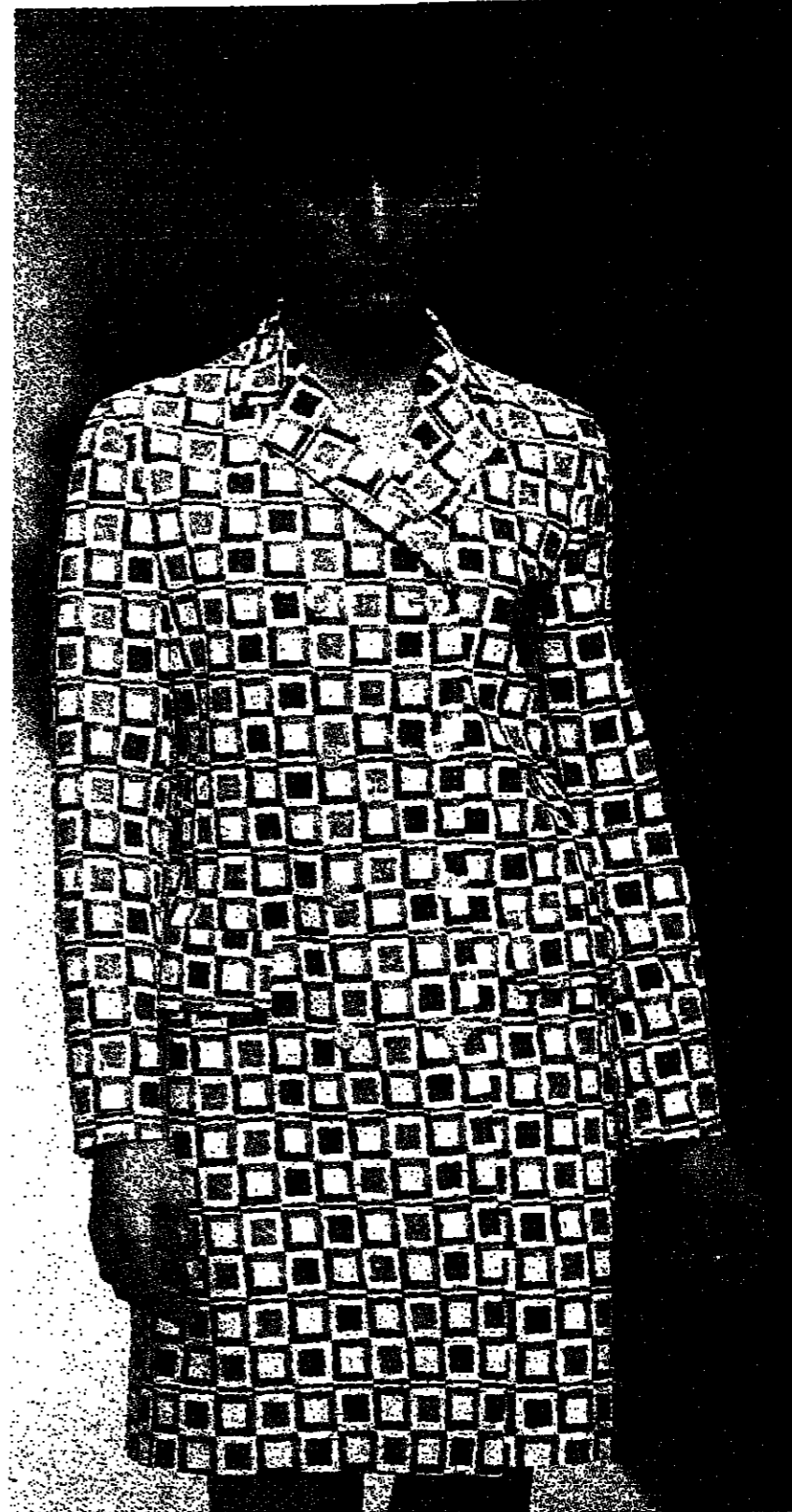
Armani might be safe - but his good taste may be partly responsible for dragging car park style on to the catwalk, writes Marion Hume



Vivid plaid top (£150) and skirt (£110) by Versus, 92 Brompton Road, London SW3 (0171-581 8407)



Sleeveless hospital gown dress by Miu Miu, Liberty, Regent Street, London W1 (0171-734 1234). Prices from £75



Prada's upholstery print coat, £558. From Prada, 44-45 Sloane Street, London SW1 (0171-235 0008)

Photographs by Neil McInerney

Nancy Mitford tried to make things simple: everything was either U or Non-U. The boundaries of what one could or could not wear were obvious. If one strayed, one was damned for being "in awfully bad taste".

Today, the boundaries between good and bad taste are shifting. Fashion designers, bored perhaps by citing a few ultra-elegant women as muses, are finding inspiration instead in car parks, greasy spoon cafes and even dentist surgeries.

Parking attendants in polyester uniforms, waitresses in tight, tiny dresses with their names embroidered across one breast, dental technicians in Velcro-fastening overalls have all become improbable icons of style for spring.

Dental nurses and waitresses will no doubt be surprised, even appalled, to learn that their easy-care, 100 per cent synthetic uniforms have caught the attention of the top fashion designers.

One of today's main taste-makers is Miuccia Prada, whose bag, A-line skirt and sumptuous Prada coat whisper of money and sophistication. Yet she is now producing chalky blue shirt and trouser combinations that would not look out of place on a garage forecourt. A scientist's laboratory coat attacked with a felt tip pen is deemed a desirable coat and a sleeveless hospital gown with a hefty price tag is just the dress to wear off the wards.

Prada is not alone in exploring shapes and patterns previously considered right off the fashion map. Victor Alfaro, one of the "buzzi" names in New York fashion, has dresses that normally belong behind a department store vestments counter. Even Calvin Klein has lemon and raspberry striped shawl dresses that resemble Neapolitan ice creams.

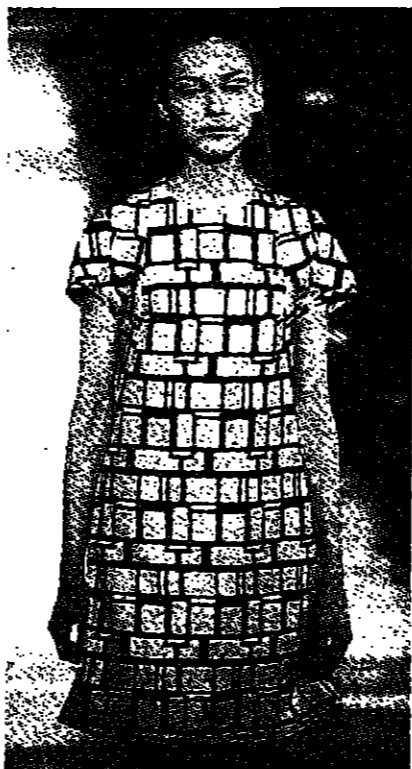
Junya Watanabe, who is Japanese and shows in Paris, offers dresses in prints reminiscent of the upholstery of a trailer home, or the wallpaper in a kitchen set in the TV drama *Our Friends in the North*.



Dress by Victor Alfaro, from £485. A la Mode, 36 Hans Crescent, London SW1 (0171-584 2133)



'Felt pen painted' skirt by Marc Jacobs, £250. From A la Mode



Upholstery print dress by Junya Watanabe, £525. From Liberty



Caterer's uniform by Alexandra, £27.55, 7 Marble Arch, London W1 (0171-723 9906)

Fashion imagery, as well as fashion design, has crossed over the taste line. Dazed & Confused, a funky and streetwise magazine, regularly features "bad taste" styling, including garments from Denny's and Alexandras, both uniform suppliers.

In the past, gorgeous girls have been discovered in chip shops and at go-kart tracks and turned into soigné model swans. Now, cutting edge style magazines are taking models (including those with titles or double-barreled names) and pos-

ing them "ironically" - in ugly clothes and the ugliest locations.

What is going on? At the fashion shows for the spring/summer season (in Milan and London, Paris and New York last October) the professional fashion pundits sat po-faced and tried to deconstruct "the trend". Perhaps the natural response was that of the actor Tim Roth, who has built a name portraying low-life types in cheap clothes, and who was a guest at Prada's show for his second line, Miu Miu. When

Kate Moss appeared in olive green school knickers, a faded, floral teen bra and a "dirty old man's" mac, he got the giggles.

No one ever giggled at an Armani show. No one would dare. However, the maestro of "less is more" is perhaps more responsible than he would imagine for the bad taste wave of fashion for spring.

Armani, more than any other designer, has built an empire on safe, good taste. His customers do not need to have faith in his or her own taste, just a belief that

Armani clothes will never embarrass or shout. Witness the rise of the Armani suit (men's and women's versions) and the Armani evening gown. Just a few years ago, the Academy Awards ceremony was full of razzle and dazzle. Then Armani conquered Los Angeles. Oscar night has become so safe that there is a wistfulness in Hollywood for the bad taste of the likes of Cher in her spider's web outfit.

No wonder that Gianni Versace, Armani's polar opposite whose credo is

"More is More", is successfully moving in on tinsel town.

Much of the bad taste is a trend. Fashion always loathes what has just preceded it, so many of the designers who are having fun with bad taste will eventually reject it in favour of something more acceptable.

Versace is the exception. To him, gleefully pushing the boundaries of acceptable taste is both an art and the key to his success. He has built a global business by refusing to be suffocated by taste, and by knowing that there are plenty of wealthy people who could not give a hoot about playing it safe.

Versace's sister, Donatella, designs the company's second line, Versus. She has great fun turning all sartorial rules upside down. So your mother told you never to wear more than one plaid at a time? Doubtless, so did Donatella's mother - which is why she does it.

Bad taste is also a sign that designers are bored - with minimalism, a colour palette devoid of colour, and the safety of navy and beige and black.

It is one thing for thrifty young shoppers to delight in sartorial shockers, and another entirely for the shopper who can spend thousands of pounds. Designer bad taste does not come cheap. Marc Jacobs, whose clothes are stocked in London by A la Mode, showed a dowdy knee-length skirt that looked as if it had been scribbled on. Close inspection showed it had been scribbled on; in painterly strokes on silk. The skirt costs £560.

The Marc Jacobs Scribble skirt is highly recognisable. So is the Prada lab coat, the Prada Hessian home furnishings suit and the lurid Versus plaid shell top (which looks as if it could have been made from any 8 1/2-yard fabric).

These bold pieces signal something very different to those "in the know". They signal money, the confidence to reject safe taste and the wearer's lack of need to hide behind the soft armour of beige or navy. For this spring, bad taste has become "U".

From the Trilby to the bowler

Alasdair Steven uncovers the lost art and meaning of wearing a hat

Men brave the most awful weather hatless. Why do they do it? Why do men no longer wear hats?

There was a time when a gentleman would not be seen in town without a bowler or in the country without a felt hat, and when an artisan (as they were then called) without his flat cap. In Scotland men had the deer stalker ("fore and aft") and the Glegarry; in France they had the beret. Yet they are rarely seen today.

With the exception of the baseball caps that the young wear at infuriating angles, there has been no significant male hat fashion change for more than 50 years.

Edward VII breathed life into the male millinery market. He liked to think he led the world of fashion a century ago. He wore side-creased trousers (to hide his

badly bandy legs) and cutaway coats. But he wore and popularised the Homburg. It was he who dictated that men did not have to wear a top hat which was, in any case, becoming inconvenient as motor transport developed.

It is odd that the two most popular mens' hats of the century are named after minor characters in almost forgotten melodramas. Even more odd was that neither of the originators - Princess Fedora Romanoff and the Irish singer Trilby O'Ferrall - ever wore the hats. It was not uncommon for stars of the day to allow their names to be used in a variety of ways, such as Melba toast named after Dame Nellie Melba.

Umberto Giordano turned Sardou's play *Fedora* into an opera and created a hit for Enrico Caruso, who adopted the Fedora hat as his personal trademark. It immedi-

ately took on a rather jaunty swaggering appeal. Gerald du Maurier's *Trilby* premiered in London in 1915 and was a huge success. Du Maurier wore the hat in the play that became known as the Trilby.

The original Fedora had a curled (rather formal) brim. It was favoured by Chicago gangsters and acquired a sinister feel. The Trilby was more soft and raffish.

The Homburg was always popular with professional people wanting to create the impression of trust and worldliness. Sir Anthony Eden favoured Homburgs. So, too, did Tony Hancock.

Until the 1950s, a doctor or solicitor would never visit a patient or client without wearing his Homburg. It marked them out as people to be trusted. When Neville Chamberlain came back from Munich, he held a Homburg in one hand and his famous piece of paper in the other.

Hats were all about status. The Homburg was an alternative to the bowler, which took over from the top hat. But most men in the City of London wore (or at least carried) a bowler right up to the late 1960s. Important lunches and funerals demanded one and every self-respecting young blade went to James Lock and Co of St James's Street, London SW1, to buy their first bowler. Before that, important City folk (and all money brokers) wore a top hat when doing their morning rounds.

In its heyday - around the 1850s - the topper became ridiculous. As so often with fashion, the style was taken to excess. It had grown to a staggering height of 20 inches and had become unmanageable.

Its successor, the bowler, was created by Lock's, which still calls a bowler a Coke. According to folklore, William Coke of Norfolk designed a more practical "lower

crowned hard felt hat" for his gatekeepers.

The instructions from Coke were carried out by an employee called Beaulieu. That rapidly became "bowler" and, within a short time, the bowler was the uniform for the gentleman. It was worn by City folk, army majors in muffs (with tightly rolled umbrellas), the staff of Royal Ascot, horse men and women of all ages and other professionals such as undertakers. Winston Churchill had a special one - half way between a bowler and a topper.

In the 1960s, starched collars went out of fashion; men in hats went out with the first whiff of marijuana. They seemed to represent everything that was dull and staid. Mens' hair grew longer and hats looked daft perched on top of flowing locks. Today, a young man would not be seen dead in a bowler.



If the cap fits: hats were all about status. BBC

HOW TO SPEND IT



Budget shopping: from left, baker's racks, 1970s tables, 'Matisse' table, chandelier, 1960s lamp and leather topped desk

Drawings by Lucinda Rogers

Home sweet home - at a bargain

Miranda Eadie goes in search of furnishings for her first flat in auction houses, antique stores and junk shops

A few months ago, a sofa was a sofa and a bed a bed to me. But the process of trying to furnish my newly purchased flat has changed all that.

With nothing to my name but three ashtrays, a lamp and a red enamel jug, I decided to take a few days off work to look around the shops.

Beds, I soon discovered, come in infinite variations of size, shape, type of headboard, plus numerous internal factors such as bases that are sprung, slatted or fibreboard and mattresses with pocketed or continuous coil springs.

As for sofas, I found many were not even comfortable, whereas the one I buy, in my newly single state, has to be not only comfortable, but enveloping and consoling.

I found auction houses and secondhand stores provided some comfort. The choices were usually more limited but this made deciding so much simpler and they allowed the contents of my purse to stretch further. They also enabled me to avoid that "off-the-shelf" look that is the fate of so many first-time buyers' flats.

My first call was to Lots Road Galleries, the auction-

ers at 71-73 Lots Road, London SW10. Here among the modern furniture was virtually everything I needed to furnish my flat: comfortable beds, glass and chrome occasional tables (expected auction price £280 - about a tenth of the price new), a heavy pine kitchen table (expected price £250-£350) and an 18th century farmhouse table, which I thought could serve as a desk (expected price £500-£800).

There were also sofas, mirrors, paintings, chairs and a host of small accessories.

I was ready to start bidding when I realised that I had not measured up my flat properly and so could only guess which pieces might fit. And I had not had time to study shop prices to make a proper comparison.

Also, auction houses tend to under-estimate the likely selling price of items in the auction (to encourage potential bidders). This means you might still have a bargain even if you pay over and above the auctioneer's guide price.

On my second visit, calmer and more in control, I bought a double bed for £250. If it is not brand new, it looks it, and it cost at least £500 less than a decent one from a shop.

With my bed installed I set

out to buy a refrigerator. Considering this too boring an item to invest in seriously, I headed for Tokyo Electric, a secondhand electrical shop at 117 Fulham Palace Road, W8. I found a clean looking combined fridge/freezer for £140 and had it delivered for £5.

The previous owners of my flat had left behind an oven and washing machine. Had they not, I could have bought an oven for between £80 and £140 and a washing-machine for between £100 and £170 from the same shop.

My biggest purchase was a desk - the hunt for which proved taxing. The only one I could really afford was a modern office desk (£95 from Andrew's Office Equipment, 49-51 Fulham High Street, SW6) but this was too ugly to consider seriously.

Number 280 Portobello Road in W10, had a pretty Art Deco office desk (£250), but this had been sold just before I walked into the shop. I ended up with an imposing 1920s officer's desk with inset brass handles and a sky blue leather top (which I justified to myself as an investment), from Tower Bridge Antiques, 159/161 Tower Bridge Road, SE1. After some haggling I got it for £650.

Finding a sofa to my liking also proved tricky. They either looked nice or were comfortable, never both. I finally opted for the Tintoretto sofa with deep blue velvet covers (from Sofa Workshop) because it was the only truly enveloping one I could find at a price - £1,900 -

They also enabled me to avoid that 'off-the-shelf' look

that I could (almost) afford.

Without the five-year interest free credit offer I could never have managed it at the same time as buying everything else.

Had I decided to go for style instead of comfort I would have gone to George Sherlock, 588 Kings Road, SW6, or Succession, 179 Westbourne Grove, W11. For a bargain I would have gone to Ikea, Divani (mail order) or Lots Road Galleries. For something colourful I would have tried the Corran Shop, 81 Fulham Road, SW3.

The prettiest items in my flat came from Bazar, 82 Golborne Road, W11. Its authentic French country furniture is priced to attract the first time buyer (kitchen tables start at £130 and wardrobes at £250). It also has decorative and antique lighting, including an elegant wrought iron chandelier with glass drops for £275.

I bought a small pale green table for £20 that looks like something out of a Matisse painting and an old French sideboard, with paint flaking off, for £110.

I always see tempting pieces at Josephine Ryan, 335 Lillie Road, SW6, but I have learned the hard way that it does not pay to be indecisive. While dithering on one occasion I missed the chance to buy a beautiful white Marcella bedspread, which, at only £40, went within a day; I am currently hankering after some bobbin shelves at £195.

Other items on my wish list are white iron and glass conservatory shelves for £900 (ideal for storing fluffy white towels in the bathroom) and a light-up Encyclopaedia Britannica globe (£45) which would cast a moody glow in the corner of my sitting room. Also, a copy of an old French baker's

rack at Universal Providers, 86 Golborne Road, W10, would make a good bookcase and I could have it made to measure for about £200.

One of my favourite pieces, a round, mirror-topped Art Deco coffee table, came from Penny Farthing Antiques, 177 Bermondsey Street, SE1, one of many antique warehouses in this area. I bought it for the trade price of £55.

As a treat I also bought a large white enamel jug which I imagined filled with lilies in the corner of my room, from Magpies, 152 Wandsworth Bridge Road, SW6. At £12 it was not really a bargain, but I like it. Magpies is a treasure trove of decorative yet functional items: wooden coat hooks, enamelware, old-fashioned iron pot holders, quaint vegetable racks, wicker waste-paper baskets, brass soap racks and bone handled knives.

Most of my other furniture came from junk shops. Shopping at these requires a lot of patience and an eye you can trust, but they hold some real gems and great bargains. Hidden among cheap plywood tables at 792 Garratt Lane in SW18, I found two round white-topped 1970s coffee tables with metal trumpet-shaped bases for

only £2 each. After a good scrub they looked a treat.

My sturdy ironing board was purchased from 12 Bacon Street (off Brick Lane, E1) for just £5, and my bedside cabinet, £10, from "the lorry" on the corner of Raddington Road and Portobello Road, W10.

I found an elegant oval-topped kitchen stool from Instinet, 83 Golborne Road, W10, for £4 and am pondering over an egg-shaped lamp at £10 and a round bevelled 30cm mirror for £15 from the same place. A one-off 1960s lamp with a silver shade and heavy stainless steel base at Brook Green Furnishers, 62 Shepherd's Bush Road, W12, has also caught my eye but I feel

the £25 price tag is too high.

I am now looking at carpets. I am tempted by wool sisals, which are similar to seagrass or coconut matting but softer and easier to clean. But since they do not come cheap I will probably opt for a colourful striped jaxim (similar to a kilim but finer) for £350 from Oriental Carpets, 131 Portobello Road, W11.

What I learned overall, is that it is wrong to rush into things. Taking the time to wander round antique warehouses, secondhand stores and junk shops is not only fun but can also save a small fortune. And you can be fairly certain that whatever you buy nobody else will have.

Favourite haunts and best bets

These are some of my favourite haunts (grouped by subject, then by location, then in descending order of expense).

AUCTIONS

The best bet is to attend provincial auctions where prices are lower than in London. Otherwise, Lots Road Galleries, 71-73 Lots Road, SW10, is well worth a visit. You can pick up almost anything you need for a house here. I think it is particularly good for sofas (which can go for as little as £100, although they may need covering) and beds.

ANTIQUES WAREHOUSES

Bermondsey, SE1
The warehouses along Bermondsey Street and Tower Bridge Road are not to be missed. Tower Bridge Antiques, 159/161 Tower Bridge Road, dedicates an entire floor to each period of furniture (Art Deco, Edwardian, Victorian etc.).
The Old Cinema, just along the road, is a disorderly mixture of anything you could possibly want - antiques and modern - and merits hunting

ANTIQUES/DECORATIVE FURNITURE SHOPS

Lillie Road, SW6
It is well worth spending an hour or so here exploring, although you are unlikely to find any real bargains - the shop owners know the value of their goods. But you are guaranteed to find some nice pieces.

Josephine Ryan, 335 Lillie Road, has English and French decorative furniture. Just around the corner, Christine Njirava specialises in simple east European wardrobes and cupboards (£600-£800) and chandeliers (£195-£460).
M.A. Harley, 294 Lillie Road, has a good selection of rustic early 19th century French fruitwood tables for between £750 and £2,350. There are also some other beautiful pieces (not cheap), including a wooden slatted cheese rack (£220) which could be used as shelves.
Catherine Nimmo, 277 Lillie

Road, had an early 19th century white-painted wardrobe (£365), some yellow 19th century shelves (£36) and some nicely worn painted tables (around £300) when I was last there.

New Kings Road, SW6
Jacinthe Rhodes of Decorative Living, 55 New Kings Road, designs wardrobes and cupboards (£800-£1,500), inspired by carvings, shutters, doors, pretty locks or pieces of glass collected on her travels. A drinks trolley with bicycle wheels (£450) and an 8ft Indian boat (£350), which she envisages piled high with cushions acting as a sofa in an avant-garde flat, are typical of her quirky taste.

ANTIQUES/SECONDHAND SHOPS

Golborne Road, W10
Bazar (No.82) has simple French country furniture. Universal Providers (No.86) has copies of old French baker's racks and it is worth calling in at Les Couillies du Chien (No.65), which specialises in salvaged architectural stone-ware.
Eighty-Eight Antiques

(No.88) specialises in stripped pine, and Instinct (No.93), rather like an indoor car-boot sale, houses a mass of vases, stools, lamps, ashtrays etc.

Portobello Road, W10
From the Westway to the end of Portobello Road is where you are likely to find real antiques at bargain prices, especially on the market mornings (Friday and Saturday). The stalls under the Westway are where quality lamps and Art Deco objects can be found. Number 280 Portobello Road strips and repairs secondhand and antique wardrobes, cabinets, bookshelves and tables (around £150).
Number 307 houses a mass of tables, lamps, mirrors and ceramics, while Jacqueline Osborne, 301 Portobello Road, specialises in Indian coffee tables (£165 upwards) and Indian dining tables (£495).
On market days take a look in the back of the lorry parked on the corner of Raddington Road and Portobello Road and you may well find a bargain.

JUNK SHOPS

These are filled with furniture obtained at clearance and

bankruptcy sales. They should be visited on a regular basis as turnover is fast.

Shepherd's Bush Road, W12
Chairs, tables, stools, filing cabinets and chests are piled up on the footpath outside Great Expectations, 115 Shepherd's Bush Road. Candlesticks, radios and dated TVs are also on sale.

Look downstairs at Knights Furnishings, 103-104 Shepherd's Bush Road, and Brook Green Furnishers, 62 Shepherd's Bush Road, to find the clearance furniture.

Brixton, SW9

There are three floors of clearance furniture (anything from beds, tables, sofas, chairs, bedside tables, filing cabinets, wardrobes and ladders) at O. Brown Antiques, 374 Brixton Road. Definitely worth a rummage.

Garratt Lane (Tooting end), SW17

Rather tacky secondhand furniture shops are dotted all along Garratt Lane, but numbers 790, 792, 794 and 911, are moderately interesting.
Brick Lane Market, E1

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TRAVEL

Haunted in the Holy Land

Nicholas Woodsworth discovers the ancient port of Akko in the newly industrialised Israeli city, Haifa

"In Jerusalem they pray and in Tel Aviv they dance. But in Haifa," runs the popular saying, "they work."

Heading north out of Haifa on the last bus of the night, I could see they did just that. Sometimes it is hard to remember that the Holy Land is also a highly industrialised land. But not here.

Where Haifa's shops and offices ended, the plants and factories began. On we rolled beside Haifa Bay - past belching chimneys and empty parking lots, past roaring furnaces and wire-fenced warehouses, past flood-lit refracting towers and through the most ungodly of chemical stinks. Guiding its people with clouds of smoke by day and pillars of fire by night, Haifa is the modern version of an ancient story.

It was with some surprise, then, that at the end of the long sweep of bay we finally pitched up at genuinely ancient Akko, one of the oldest ports in the world. Akko does not pray, dance or work. It lives with its past.

The past, I am convinced, comes closest to us in the quiet of night. When the daily bustle subsides, when crowds disperse and streets empty, it re-emerges into view like some nocturnal animal too shy to show itself in the hours of rush and confusion. Who in daytime notices the small details, the discreet messages left by history on façades, street corners, cobbles, cornices? There is too much movement, too much distraction. But in the still night the past shows its face everywhere.

I did not feel much sense of the past as I walked down Ben Ami Street through the pedestrian shopping malls of modern, Jewish Akko. To find it, though, one only has to traverse the deep moat and high walls that loom at the far end of the new town.

On the other side lies a city already 3,000 years old when it was

renamed Jean d'Acre by the crusading Knights of the Order of St John. Greek Aka, Christian Acre, or Arab Akko - this is a place in whose dark night streets the past is very much present.

Of human life Akko was early bereft, and I wandered about observed only by crouching cats below and a bright moon above. The closest hotel to Akko, a modern beach resort, lay some distance out of town. But I had heard of an old building in the middle of the city, the former residence of a Turkish governor, that now served as a youth hostel. I was determined to find it.

This is a place in whose dark night streets the past is very much present

A minaret and black-domed mosque bordered by leafy palms; a forbidding citadel of closed gates and iron-barred windows; the flagged courtyard of a vast caravanserai enclosed by columned arches; a stone-built harbour crumbling into the sea - surrounded by high city walls and separated by a hundred deserted, criss-crossing alleys, these were the landmarks, shadowy and dream-like, by which I attempted to navigate my way through Akko. Another ghost, another unexplained mystery lay around each blind corner.

The term "youth hostel" fails to ring warmly in the ear. Yet when in the last stages of desperation I finally found it, tucked into a narrow street beneath the wall that guards the port, it could not have felt more welcoming had I been the Turkish governor himself.

What did it matter if the grand entrance hall was piled with ruck-

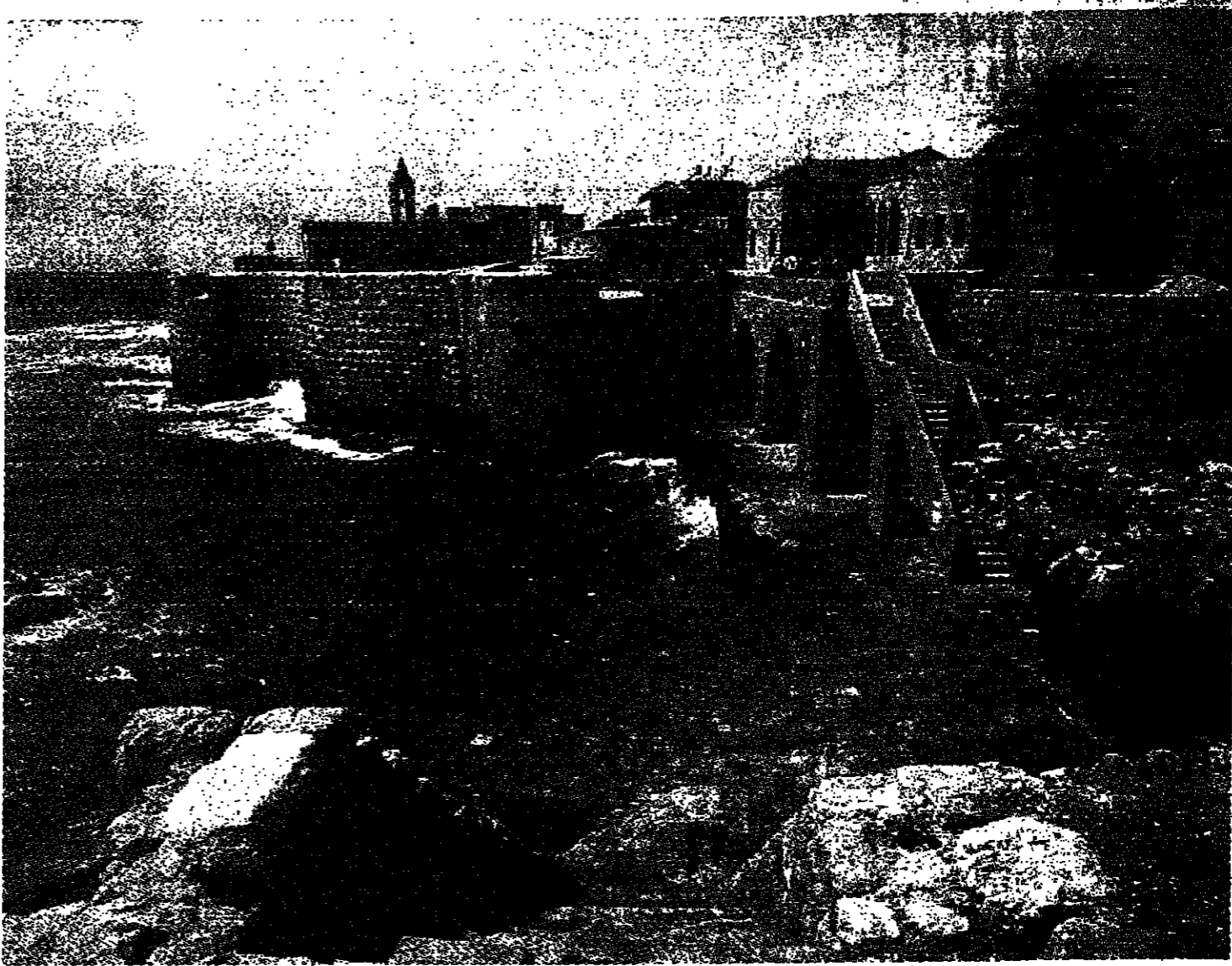
sacks and plastered with posters, if a television glared through the delicate marble pillars of the lofty reception rooms upstairs? I was now thoroughly haunted. Once in bed I needed only to close my eyes to see a Crusasian slave tip-toeing through the dark, bearing a bowl of sherbet, a water-pipe, and the tincture of poppies that finally drew me down, tipsy with the passage of centuries, into sleep and a night of restless dreams...

Bathed in soft Mediterranean winter sunshine, Akko the next morning seemed a different place - a busy, crowded, Arab town bothered with nothing more than getting on with life.

I strolled along the quays, watching fishermen unload their catch from small blue and green boats. I trailed them to the market, and amid shrimp and blue-clawed crabs saw the cats from the night before beg their breakfasts from fishmonger's blocks. I sniffed odours of cardamom-scented coffee wafting from cafe doors. I watched old men play the first tri-cube of the day, young boys kick the first footballs. Was Akko really as loaded with the weight of the past as I had imagined? I began to doubt it.

But the cats were not the only apparitions from the night before. As I strolled, I came across the same landmarks - the walls, mosque, citadel, caravanserai and sunken harbour - that had so enthralled me in the dark. More than dim shadow, they are the hard substance of Akko's long past.

Akko first drifts into Levantine history as a port mentioned in Egyptian sacred texts in the 19th century BC. It has been much fought over since, and after gazing glazed-eyed at an incomplete list of its conquerors recorded on the wall of Akko's citadel I shall not repeat the exercise. Name a people, any people - Phoenicians, Greeks, Romans, Ptolemies, Persians, Arabs, Turks or any other living even remotely in proximity to Akko - and they have conquered it.



Haunted in Akko, on the Mediterranean coast: a 3,000-year-old city

Far more satisfying is to see something of what they left behind. One of the best places to begin is the underground city of the crusaders.

Five years after they conquered Jerusalem in 1099, the crusaders took Akko, the principal port of Arab Palestine for 500 years. As the headquarters of the Knights of St John, Acre became the political and administrative centre of Palestine and, for generations of pilgrims, the main link between Europe and the sites of the Holy Land.

It was the crusaders who built the high, thick, magnificent walls that surround Akko today, turning it into a safe, well-defended city. The crumbling stone port I had come across in the dark was the Pisan port, just one of many, for inside the walls flourished numerous religious and commercial communities - Pisan, Venetian, Genoan, French - each with their own quarter and

the best preserved of the today lies 25ft under ground.

Descending stairs to the 12th century street level, I found myself wandering about knight's halls, administrative chambers, refectories, secret tunnels and hospitals. Scolding bats flew in and out, uproarious school groups came and went, but the great arched vaults remained impervious. The crusaders built for a thousand years, and here succeeded.

The city walls were not always as resistant. At the end of the 13th century the Mamelukes attacked in overwhelming numbers and, after a two-month siege, Akko fell and was largely destroyed. Abandoned by history, it only rose to prominence again 500 years later under an unwholesome gentleman known as el-Jazzar, the butcher of Acre.

Today el-Jazzar is buried in the garden courtyard of the black-

domed mosque he built. It is a delightful place to stroll, its rose-bushes laden with scented blooms, its orange trees heavy with fruit. Delightful, too, are the blue-tiled Turkish baths he built for his subjects, and the Khan el-Umdan, that elegant, many-columned caravanserai that I lost in the dark the night before, had marvelled at.

But I only had to glance up at Akko's high and mean-looking citadel at last seen from another side to el-Jazzar. In the dungeons of the formidable fortress he built he took sadistic delight in torturing his victims, including the occasional adviser and concubine foolish enough to fall foul of him.

The citadel was not only an unpleasant place for el-Jazzar's foes. When Palestine came under British mandate after the first world war, the citadel became Britain's high-security prison in the middle-east. Near impregnable, it held members

of the Jewish underground fighting for the establishment of a Jewish state.

"We apologise that due to construction work the gallows are temporarily closed to the public," I read in one of the wings. Today a museum, the citadel has become a shrine dedicated to the memory of Iqbal, Haganah, the notorious Stern Gang, and other groups who struggled for Zionist ideals. Are we today at last seeing that fight coming to an end? Present-day Akko, a town where Jews and Arabs live side by side in peace, seems to argue for a more harmonious future.

I left Akko as I arrived, in the dark, feeling surer than ever that the past is a living thing, a changing, growing, invisible presence that surrounds us wherever we go. In most places, it takes some hard hunting down.

- Happily, in places like Akko, it can hardly be avoided.

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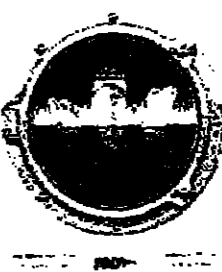
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TRAVEL



Lucky in Estoi: a procession gets under way in the annual festival of dried fruits

Lailan Young

Starry roll-call of the feathered kind

Lailan Young avoids golf in the Algarve and enjoys the bird life instead

What good is the Algarve to a non-golfer? Contrary to commonly expressed opinion, Europe's south-western edge is not hell on earth for those who cannot walk without whacking a little white ball in front of them.

I, who hold golf in contempt as an over-ostentatious consumption of space, stayed at the grand, Orient Express-owned Quinta do Lago hotel, which is beset by golf courses and populated almost entirely by masochists and nibblers, whose life is golf. They will tell you there is no better place than *Sportugal*.

While golfers queued for their turn to attempt a birdie, I went birding with Vitor Encarnação, an ornithologist from the Ria Formosa Nature Reserve. And my Algarve holiday took wing.

The nature reserve goes for 37 miles along the south-east coast of the Algarve, a lagoon area protected from the Atlantic by five narrow islands of sand. The lagoon is dotted with salt marshes, tidal islets, and channels of water kept in constant motion by the wind and sea. Behind are sandy beaches and dunes, which extend back into solid land.

Along the Ria Formosa coastal strip, from Ançao peninsula in the west to the small beach at Manta Rota in the east, are small towns, busy fishing villages and isolated dwellings. The houses are white-washed, with slender chimneys of criss-cross patterned brick crowned with an ornamental ball, bright blue shutters to rival the Algarve's blue sky, and at least one wall covered in brilliant pink or radiant red bougainvillea.

These pretty dwellings sit more easily among the umbrella pines and sandy soils than the manicured luxurious tourist developments such as Quinta do Lago or Vale do Lobo, where the golf courses and tennis schools are, and where a villa can cost £1m (with ocean view) or £200,000 a week to rent.

As the official publication of the Institute for Nature Conservation says, the leisure industry's resorts, hotels and watersports threaten a diminishing natural world, "giving a negative appearance to the Faro peninsula", but in Ria Formosa nature has some protection.

In the Ria Formosa grow almost 50 species of plant which have adapted to the harsh and salty environment to survive, like the hotten-tot fig, sea holly and cotton weed.

In contrast to the relative paucity of vegetation is the richness of animal life in the lagoon. With Vitor as my companion I saw dozens of animal species. We strolled along nature trails, popping into the occasional hide to observe the birds.

Ria Formosa is a vital breeding place for rare species such as the Purple Gallinule, a shy outsize Moorhen distinguishable by its long red legs, fliriting tail movement and vulgar cackle. The Ria is also important as a resting place for birds migrating between Africa and Europe and the former Soviet republics, serving as an alternative avian stop-over to the north in Spain.

For anyone with even a minor interest in animals, the Ria Formosa roll-call is quite starry. A chameleon, its bizarre body seemingly composed of left-over bits of other animals and its swivelling eyes mounted in mobile turrets for 180 degree vision, launched its tongue like a missile to grab a flying insect.

Crossing the tidal lagoon to Gigi, a fish restaurant on a jetty, we saw dozens of fiddler crabs, crustacea unique to the southern Iberian peninsula. Each male has one outside claw (he can be either left or right "handed") which, as the Ria Formosa guidebook tastefully puts it, "performs an important role in mating behaviour".

We also spotted two Viperine Snakes. But the bad news about Algarve snakes is that they have the power to terrorise little birds like the Kentish Plover so that the motionless bird can be swallowed without even the tiniest flutter of resistance.

The highlight of my day with Vitor was the time spent at Quinta de Marim, on the Ria near the sar-

dine and tuna fishing port of Olhao, a bustling Moorish village of white or blue, cube-shaped houses and narrow alleys, where we stopped for lunch.

A clutch of restaurants opposite the fish market offers splendid menus. We chose O Boto, which was full by 1pm, early by Portuguese standards. The sardines grilled with rock salt, clams cooked with garlic, olive oil and parsley, and grilled swordfish were all delicious.

White Storks nest at Quinta de Marim, as they do in the centre of the Algarve capital, Faro, and on the golf courses. The pair at Marim had settled in a platform basket provided by the nature reserve on top of a tall pole. Their bird's eye view would include the last tide mill still working in the Algarve.

Visitors to the environmental education centre at Marim can take guided tours of the mill and reserve, and those with a genuine interest in birds can visit the avian hospital.

We crept silently around two huge open-air enclosures, peeping through the almost opaque black netting covering the wire, to see the patients. Some were obviously walking wounded who would never fly again. Others had been found grounded and exhausted during the spring migration.

From as close as 20 yards I could admire some of Europe's glorious birds of prey, including a Bonelli's Eagle, its white body contrasting with the dark wings, two fully recuperated Griffon Vultures, ready for release, and a Black Vulture, a wounded member of a desperately endangered species.

Quinta de Marim retires more than birds. A farm-house of outstanding beauty has been restored in its traditional colours of white with mustard. The dog kennels at Marim, with their busy breeding plan, assure the future of the tall black Portuguese water dog, a breed adored for its friendly, curly tail and long floppy ears.

In Estoi, I was lucky. My visit coincided with the annual festival of dried fruits, which thanks the Senhora do Pê da Cruz for a successful season of sales. We arrived as the festival procession was about to set off.

Handsome horses carried the countryside's best riders, richly vested and jauntily hatted. The horses' manes and harnesses were adorned with bougainvillea, hibiscus and roses, while farm vehicles were decorated with palm fronds, carnations and greenery. They all set out for the Ludo pine forest near Quinta do Lago and a day of dancing, feasting and drinking.

In Loulé, where cats with the longest legs in the world inhabit the medieval catted walls, countrywomen crowded the Saturday morning market offering honey, cheeses, and fresh and dried flowers.

Ria Formosa has plenty of fish, octopus, squid and unappetising frogs - tree frogs and toads, which sang through the night in the hotel's ponds in, to my ears, Solresol - a language based solely on the notes of the sol-fa musical scale.

There are three nature trails close to the hotel: two are "recommended", the third is longer and runs along the golf course where the players have priority. Despite the dangers from a fast-moving ball, wild ducks waddled across the fairway. A Hoopoe flew over, better dressed than any of us on the course. In designer plumage of cinnamon-pink bodice, a black-tipped crested hat, and chic black and white back and tailcoat.

A baby pigeon tried to make something out of a bread roll, suspiciously resembling those on the hotel breakfast table. *Borracho*, or baby pigeon, is the local Portuguese word for "bird", which a Portuguese man will use when a pretty girl walks by. We all, you see, enjoy birdies one way or another.

Lailan Young flew to Faro on British Airways and stayed at Orient Express Hotels reservations, tel: 0155 555 5368 or 0155 Quinta do Lago, tel: Faro 89 236668. British Airways Holidays, tel: 01293 611311.

Cinque Terre and its hidden treasures

Todd Shapera takes a walk in isolated Italian territory

Situated on the Ligurian coast where the mountains meet the sea, between La Spezia to the south and Levanto to the north in Italy, for most of their history the Cinque Terre were completely isolated, accessible only by water or a narrow, footpath along the coastal cliffs.

In the early 1960s a train tunnel was blasted into the mountains connecting them to the outside world for the first time; then came a road to the northernmost town, Monterosso. Now, they can be reached by car.

The area was cut off from the main flows of traffic and culture for so long that it has maintained much of its character. Hotel facilities remain limited, with some visitors taking rooms in local homes. Nor has the area attracted heavy beach crowds - only one town, Monterosso, has nice stretches of sand.

We arrived in Monterosso in the late afternoon by descending a mountain road lined with terraced vineyards. Our simple, inexpensive room overlooked the sea and we could see small ferries carrying sightseers to other towns. But we wanted to discover the hidden treasures of the Cinque Terre along the footpath connecting these towns. We were in for a vigorous 1½-hour journey to each of the next two towns, followed by about two hours more to reach the final three.

The morning was already growing warm when we set out. From a corner of the town beach, the narrow trail worked its way steeply up hill, offering at each turn beautiful views of the sea and rough landscape.

We often walked quietly. We negotiated steep ascents, endured open stretches baked by the sun, and savoured cool patches shaded by lemon and olive trees fed by trickling streams.

Halfway along the route to Vernazza we met a robust, elderly man wearing a faded sailor's hat that partially shielded his deeply tanned face. He dangled a wicker basket with fresh green grapes. He greeted us with an embracing gleam in his eye and warmed to my wife when she ventured to greet him in Italian.

As we talked, he pointed high on the slopes to a narrow open car ("trenino") attached to a steel monorail that skirts the top of the vines about 10ft off the ground.

A sidewalk of local ingenuity from the 1930s, it winds a path to otherwise inaccessible vineyards high on the mountain, transporting equipment up and harvested fruit down.

As we parted, he reached into his basket and handed us a generous sample from his morning harvest.

At Vernazza, we ate some pizza on a shaded bench on the main street. As this was the beginning of the harvest season, locals were crushing grapes into buckets in rooms just off the street. Beside the small producers, the five towns have a successful wine producing co-op. Small quantities of the white wine are produced and most is consumed locally. Boccaccio, Dante and Petrarch all wrote about the Cinque Terre wines.

Unique to the region is a highly concentrated dessert wine, Sciacchetrà. It is made from special grapes that are given extra time on the vine after they ripen, then they are left to dry indoors for several months. They lose much of their juice but become quite sweet. We were told that about 7kg of grapes are required to produce one bottle, about three times the quantity needed for local white wine.

The 90-minute hike to Corniglia

Reaching the heart of the town required an aerobic 15-minute climb

brought us along the coastline and its long, pebbly beach. Manarola, about 45 minutes further, is perched atop a rock peninsula with a sheer drop to the water. With no natural harbour, fishermen store their boats in town and lower them to the sea with ropes.

To our disappointment, the final leg from Manarola and Riomaggiore, the "via Dell'Amore", was impassable due to damage caused by heavy rains. So we took the little train.

Riomaggiore station is at the base of a cliff that drops into the sea. Reaching the heart of the town required an aerobic 15-minute climb up a curving road.

At the bottom of the hill, a stone wall separates the town from a narrow cove where fishermen leave their colourful boats. Just inside the wall was Trattoria La Lampara, one of only a few restaurants.

We were seated by the genial proprietor Pietro Spadafora, who served us pizza with porcini, black olives and herbs, grilled eggplant, and a plate of pasta with fresh swordfish. With each course Pietro also offered anecdotes about his life and the town.

The family arrived from Sicily 10 years ago, after many years of exploring the Ligurian coast on

family holidays. "We fell in love with Riomaggiore," he said. "For us, it was the most beautiful, the most tranquil, the most in touch with the sea. It was a paradise on earth for raising our two children." Their home is above their restaurant.

The next morning, back in Monterosso, we set out for an early walk into the vineyards. From high on the path, I made out the image of a woman sitting on the soil under the canopy of her vineyard. She was crushing grapes into a pail with her fist. She wore a knee-length blue skirt, a tan pullover with flowers embroidered on one side and loafers. After some time and wasn't going to detour. As the guests on the terrace enjoyed their morning croissants, tea and splendid views, she passed virtually unnoticed.

We rejoined the trail and walked down the hill to the town, past fishermen into a noisy labyrinth of narrow alleys.

She invited us in to her daughter's home: a modest place, dark and cool inside, with a cement floor, a child's bike along the wall and three wooden kegs of fermenting wine in the centre of the room. She reached for a bottle and insisted on giving it to me. She pointed to the familiar label with two sea gulls, shook her head, and indicated that this was their home-made stock in an old bottle.

I remembered a conversation I had had with a local wine producer, Antonio Basso. As the Cinque Terre become less isolated, he was worried tourism would spoil the area and affect local customs. His greatest fear, however, was the number of young people moving out of the area, including his son who is now working in Genoa.

The day would come when no one was left to care for the fields, he said. "When that happens, our gardens will become arid and roll into the sea."



Vernazza, looking south to Monterosso; Dante wrote about the local Cinque Terre wine

Todd Shapera

Security in the air is available - but at a price

Bombs are worrying news again for international travellers. The shattering of the IRA ceasefire and new outrages in Israel have concentrated minds afresh on ways to combat terrorism.

But how much are you prepared to pay for extra security? Scientists now believe they can protect large airliners against Lockerbie-sized bombs but only at a payload cost which could add £40 to the price of a fully flexible, economy class return ticket to New York, for example.

Machines to detect explosives have been tested at some British airports. The government has decreed that by the end of this year, all hold baggage checked in by passengers flying abroad from Britain must be X-rayed, even if they are catching a connecting, domestic flight. That will certainly not happen in many other countries.

departure for economy passengers and two hours for business travellers. Aircraft can never be made totally safe against explosives but experts at the Defence Research Agency, an offshoot of the Ministry of Defence, believe they can reduce the risks significantly.

There are two main ways of doing so. One is to line baggage and cargo holds with blast resistant, high-density polyethylene fibre, the other simply to shift luggage and freight around 20cm further from the fuselage skin.

Doing either, they believe, would have prevented the destruction of Pan American 103 over Lockerbie. Here's the rub: doing either would reduce airline revenues by adding weight or reducing cargo space. Adding weight could mean removing 15 seats from a Boeing 747. Moving containers away from the walls could cut capacity by around 5 per cent.

marketing advantage. But making comparisons between airlines on security grounds is fraught with difficulties because one airline with tight security may be a regular target for determined bombers while another with lax procedures may be left alone.

Expressing mortal danger in financial terms always looks cynical, but how many of us invest in the safest cars available before howling off down the motorway?

So unless safety authorities make such changes mandatory, will airlines be brave enough to act alone?

The slippery slope to higher prices

Enormous claims made under the "no win, no fee" method of litigating in the US is blamed for adding 15-17 per cent to the cost of US ski lift tickets - about £30 in the case of a six-day pass at Vail, Colorado, for example. They have also pushed up travel insurance premiums.

Check in / Roger Bray



without benefit to the consumer. I heard of a skier who suffered a nasty gash over his eye, needing six stitches, during a trip to Austria's St Anton. This was not the result of a high-speed collision on the piste but of a slip in the shower. He insists there was no contributory negligence caused by excess of glutinwein. There was no rubber mat, nor any non-slip surface on the shower floor.

Blake, founder of the magnificent Taos Ski Valley in New Mexico, once explained ruefully how he had been forced to remove padding from lift pylons. The padding was supposed to protect skiers if they slipped out of control and hit the metal posts.

But Blake's lawyer warned him he could face an even bigger lawsuit if the padding failed to do its job - or was torn off accidentally.

It is surely inconceivable that any US hotelier would run such an obvious risk of legal action.

Free market leaves US travel in a state

Less than four months after President Bill Clinton's first White House conference on tourism, the death sentence is confirmed for overseas tourist offices in the US.

London and elsewhere. It will now be left to cities, regions or states to provide their own representation abroad. More than 40 already do but tracking them down will be difficult. Good travel agents should be able to provide lists, but don't bet on it.

States such as Florida, with markets big enough to justify it, may advertise independently. Others may be at the whim of budget fixers.

Colorado illustrates the problem. Although it is already the leading American ski destination and was rapidly attracting more tourists in summer, it was forced to close its British office after a referendum on state spending. Now it has opened a new one, funded by the travel industry but approved by the state government.

The real losers, however, will be those whose appeal is less obvious and which do not attract sufficient numbers to justify full-time representation in fertile markets such as Britain and Germany.

A classic example is Iowa, which has been put on the tourist map by Clint Eastwood's film *The Bridges of Madison County*. USITA was hopelessly under-funded and sometimes ill

supplied with information but it provided, at least, a starting point for travellers with no other idea where to inquire.

Tall in the saddle on India's roads

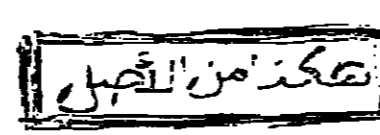
The heat, dust and smells of India must seem powerfully close from the saddle of an Enfield Bullet.

Long a collector's piece in Britain, the motorcycle is still manufactured in India and is available for riding as part of a guided tour of Rajasthan.

"A lot of our customers are men who have already ridden or owned these bikes," says Lyn Baker, of Tiger Travel, which launched the tours a year ago. Some used it as dispatch riders in the army, some are just enthusiasts.

During the three-week trip, luggage is carried in a 4 x 4 back-up vehicle. Speeds are kept down on main arteries clamorous with trishaws, lumbering Hindustan Ambassador and brightly decorated lorries but it is possible, claims Baker, to reach 50-60mph on quieter roads. "All the bikes we use are brand new. After about six months of Indian road conditions, they have to be sold on."

The tours cost £750 from Tiger Travel UK, 55 Bowden Hill, Newton Abbot, Devon TQ12 1BH (tel: 01226-625262).



OUTDOORS

Skiing / Arnie Wilson

Off-piste skiers warned of danger

It was Nigel the ski guide's day off - and Trudy, the chef too. They had left us to our own devices. So we made do with toast and cereal before gathering at the top of the Grand Pre chair in Val d'Isère to contemplate skiing the Tour de Charvet.

This is an easy off-piste itinerary but occasionally becomes avalanche-prone when the afternoon sun can send snow tumbling into the gully at Le Manchet.

Two members of the group were eager to slip under the rope. But Stephen, a former army major, put his foot down. "I'm not doing it," he said. "Not now I've got a wife and child. I'm not taking any risks at all."

As we reached the gully, we passed briefly to marvel at the sure-footed agility of three chamois scampering on steep avalanche chutes above us. Earlier in the season, a chamois had been blamed for triggering one of a number of fatal avalanches. We quickly moved on.

The number of off-piste skiers in Val d'Isère, a resort celebrated for its conifers and steep, ungroomed powder fields, is beginning to cause concern among the local authorities. Hi-tech equipment, especially the advent of "fat" powder skis, has encouraged more and more skiers to seek the thrills and tranquility of wilderness skiing.

But in spite of a proliferation of specialist ski schools in Val, many skiers, particularly "go-anywhere" snow-boarders, either do not bother - or cannot easily afford - to take a guide.

A few days ago, the mayor of Val d'Isère, Bernard Catejan, a former ski school director, called the local representatives of 13 British tour operators to a special meeting at the town hall to discuss the dangers.

season in Val d'Isère. When I first skied with them seven years ago, young Dunn picked me up at the airport in a Land Rover. Today he charts an entire Airbus with his company logo not only on the seat-back covers but on the after-lunch menus. The Land Rover has been replaced by huge, gleaming coaches.

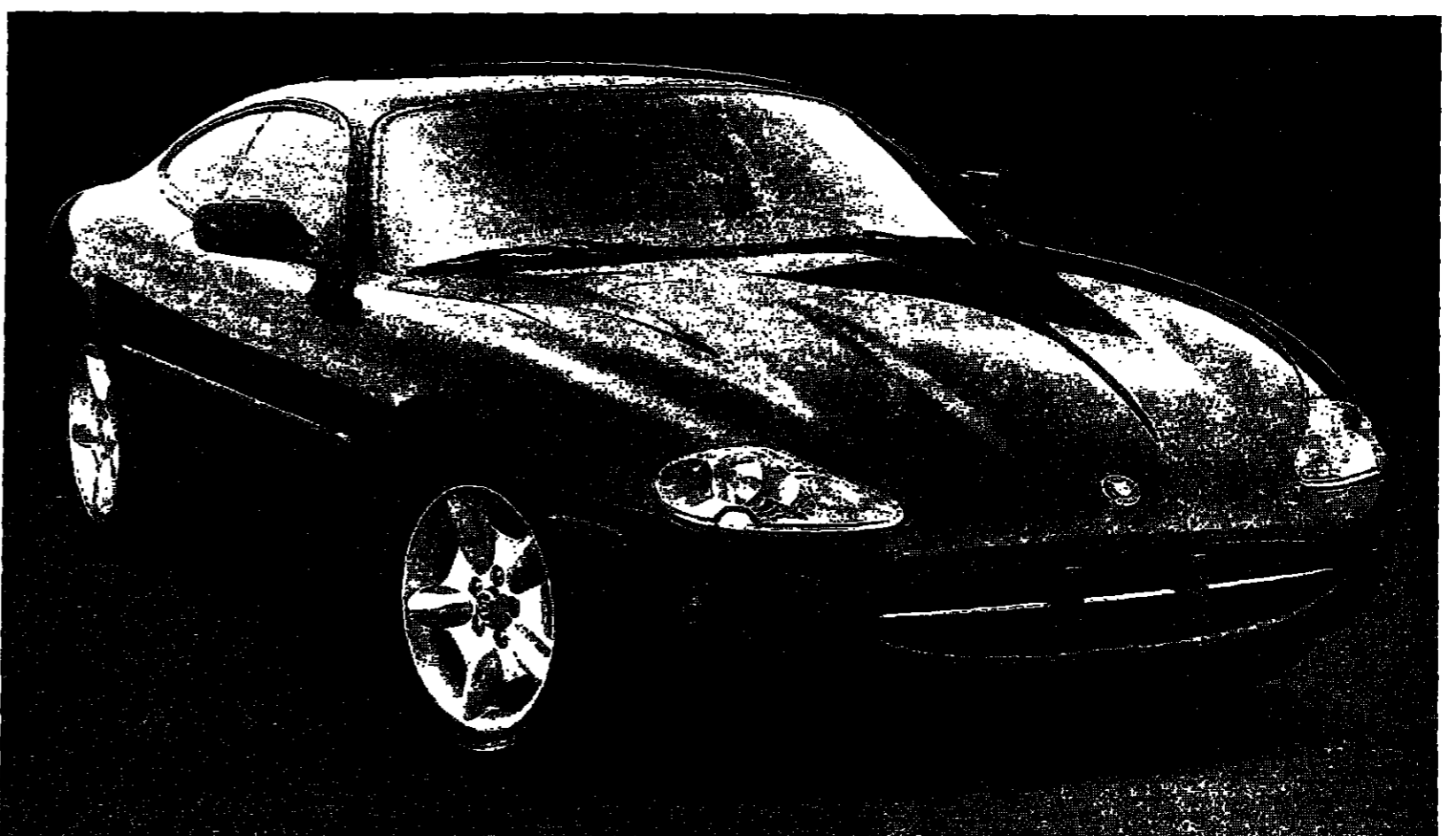
Geneva motor show This heir to the XJS will make heads turn

Stuart Marshall looks at the new Jaguar XK8

With becoming modesty, Jaguar describes the new XK8, unveiled this week at the Geneva salon international de l'automobile, as a presentation of exterior styling. It is much more than that.



Mercedes-Benz E-Class estate. An even better load carrier



Jaguar's new V8-engined XK8 coupé. Soft or hard-topped, on sale later this year

Gardening / Robin Lane Fox Great and classy snowdrops

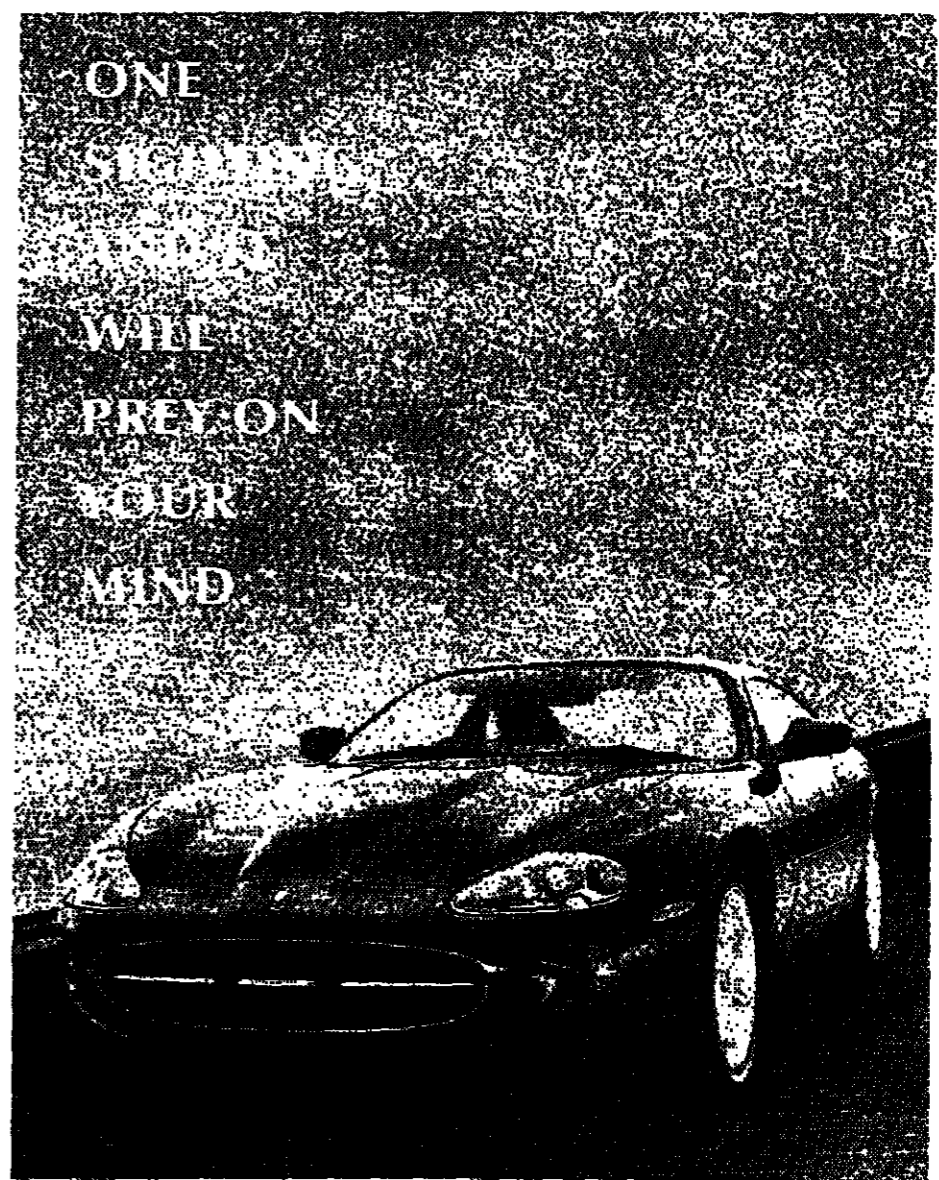
Even in England, spring has sprung and famous gardening names are showing above ground. You could have seen them recently in central London, among the many who rightly flocked to the main February show of the Royal Horticultural Society.

of more than 25 variations on the basic celandine. Celandine is notoriously invasive and a single-flowered plant will spread in any soil which is not too hot and dry.

After flowering, the leaves tend to disappear by the end of May, having brightened our lives when beauty is scarce at ground level. Ranunculus ficaria is a lovely thing, but not for tidy gardeners or confined spaces.

The large exhibit by Rowden Gardens adjusts the usual view. Dozens of celandines have been named and selected and there is much more to life than the one which gardener Christopher Lloyd called Braxan Fussy, partly in honour of its purple leaves.

think that we should follow the exhibitors and keep the best things in pots where wild life cannot abuse them. You only have to see the exhibits by Broadleigh Gardens and Porterton and Martin to realise how many potential pot-plants we ignore because we are so obsessed with large, florists' varieties.



At the Geneva Motor Show this week, a few lucky observers caught a glimpse of the new Jaguar XK8 for the first time. The many who couldn't be there should call 0800 70 80 60. We'll send you a unique XK8 screensaver and put you in line for further Jaguar information (as soon as more of them are spotted).

FOOD AND DRINK

Eating Out
Guide that's a national institution

Andrew Jack looks at how Michelin's red book reflects the French love of eating well

When André Michelin visited a garage in France in 1920, he was horrified to see the misuse of the hotel and restaurant guide...

Since its first appearance at the turn of the century, the guide rouge has evolved into a national institution almost as indispensable to the French as the pneumatic car and bicycle tyres pioneered a few years before.

Long before publication of the 87th edition, which went on sale on Wednesday, the country's media were full of speculation about winners and losers of the coveted three-star rating.

When it was confirmed this week that the famous Tour d'Argent in Paris was among those downgraded, the news went on the back page of Le Monde, the respected French

afternoon newspaper. There was equally substantial coverage a few weeks before, when Pierre Gagnaire, chef of the three-star restaurant in St Etienne which carries his name, sought protection from his creditors after running into financial difficulties, and asked Michelin to withdraw its stars.

An opinion poll suggested that 16 per cent of the French had consulted a culinary guide in the last 12 months, and for two-fifths of those it was Michelin. Pre-sales of the latest edition total more than 600,000 copies at FF145 (£18.60) each. There is little doubt that they take their cuisine seriously.

The first edition of Guide Michelin in 1900, offered free of

charge, was an integral part of the company's pioneering involvement in the development of road travel and tyre consumption.

In a similar vein, it would go on to fight successfully for a new national road numbering system, and even manufacturing road signs itself until the 1970s.

According to Bernard Naegelen, who is responsible for the guides at Michelin, even today the high research and production costs of the book mean it is only modestly profitable, and a few tens of thousands fewer copies sold would drag it into the red.

The original 400-page guide was designed to provide all the information that would be "useful to a driver travelling

in France, to fuel his car, repair it, permit him to be lodged and fed, and to correspond by post, telegraph or telephone".

Apart from the advertisements - which were dropped when the company began charging for the guide in 1920 - and the detailed introduction on how to inflate and change tyres, it resembles the contemporary guide closely.

There are road plans, comprehensive listings and a series of detailed symbols including three stars for the top-range hotels, where meals and wine included, the bill could run to more than FF13 a night.

Yet it was only in 1926 that the single star made its appearance in the modern

sense for the best restaurants, followed by the introduction of two and three-star ratings in 1931 - and only in 1933 for Paris, which was ill-served in the first few editions of the guide.

The system has remained all but unchanged ever since. In spite of periodic mischievous reports that the authors are considering introducing a new four star category. With just 19 three-star restaurants in the latest edition, it would hardly seem worthwhile.

It is difficult to get Naegelen to talk about exactly how the rating process operates. It is surrounded by a mystique and secrecy that shrouds all of

Michelin's operations, from the way it manufactures tyres to - until the start of this year - the names of its senior executives.

He says that Michelin employs full-time inspectors to travel the country eating in every hotel each year to ensure that the information is up to date. But he will not reveal how many the company employs.

In the same vein, the inspectors must pay for their meals, and not identify themselves when they eat in a restaurant - or at least not until after the bill has been settled.

He says they are recruited "after they have already had some experience of life" at about the age of 30 from

among the 1,000 or so unsolicited applications received each year. Not surprisingly, they often tend to stay until retirement in spite of the hardships of being on the road for nine months of the year.

What they are seeking primarily is top quality, creative food that reflects the chef's personality, as well as service, an attractive decor and a range of top quality wines.

Good ingredients and a large number of staff cost money, he adds, so three-star restaurants are never likely to be cheap.

Yet he argues that the top meals probably cost less in relative terms today than in the past. He also believes that the ratings are more rigorous than in the past, and that chefs' creativity has become a trade-

mark, replacing the pre-second world war tendency for all restaurants to offer the same grand classics of French food.

In a reflection of the more difficult economic environment of the last few years, he stresses that the guide makes great play of value for money. Of the 3,858 restaurants in the latest guide, 1,572 have a fixed-price menu for less than FF90.

And how does he justify the fact that there are just four three-star restaurants in the UK and Ireland?

"To have a good restaurant, you need good products, a top chef and also clients who appreciate the food," he says. "It's pointless having the best restaurant in the world in a desert where the only customers are cormorants."

"It's a bit of a caricature, but in England people discuss the weather, and in France they talk about food. You see old ladies exchanging recipes in the street, and customers chatting about different ways to make a particular dish. It is extraordinary."

Giles MacDonogh visits Austria and discovers some great schnapps and a strong and healthy tradition of refreshingly rustic cooking

A fruity tradition is kept alive

With one or two notable exceptions (such as Etienne Brans in the Pyrenees) the best fruit schnapps, or eaux de vie de fruits if you prefer, come from central Europe.

I see a few hands raised in the back row and I presume you want to remind me of Alsace. Yes, Alsace has been politically part of France for 300 years (with short intermissions), but in many ways it remains culturally part of the German block.

If we wanted to be more specific we would say that the best schnapps came not from any old corner of the German speaking world, but from the Alemannic bits. The dark-haired, brown-eyed Alemans were the tribe which populated Alsace, South Baden, Württemberg, the German-speaking east of Switzerland and the Vorarlberg in Austria.

In Alsace, French politics has largely defeated German culture at least as far as schnapps is concerned. Attempts to stamp out the home distilling tradition has whittled down the number of producers or bouilleurs de cru to a handful. Many of the wine houses who claim to make their own only buy in from industrial producers whose products are far from reliable.

This is not the case in Germany. In the famous winemaking village of Durbach, in Baden, there are 350 schnapsbrenner, and only 320 grape growers. Good schnapps seems to grow on trees. When a hotelier friend from Württemberg visits these shores, he brings me wonderful wild cherry and plum schnapps which he buys locally and bottles himself. Sadly, he will not tell me precisely where he gets them from.

In Austria great schnapps is distilled all over the country, and not just in the Alemannic Vorarlberg. In the past few years schnapps has become rather fashionable with some producers achieving something like cult status in the world of food and drink.

As in Germany the law tolerates home distillers. It was the Austrian empress Maria Theresa who was the first to draw up a code for Schnapsbrenner in the 18th century. More than 200,000 Austrians enjoy the right to distil upwards of 50 litres of pure alcohol every year. In 1984, 819 of them availed themselves of the privilege, many of them enjoying the higher ceilings of 300 litres. Broken down to 40 per

cent or 43 per cent and run off into 50cl bottles that means there is quite a lot of schnapps on the market.

A few weeks ago I was in West Styria, a strange, lost region on the Slovenian border, which is famous for its Schilcher: thin, sharp rose wines. I had tasted a dozen or so, and my teeth were beginning to smart. Someone suggested I might like to meet the region's star schnapps distiller. I needed little encouragement: we piled into the car and sped off through the snow to Wernersdorf.

The setting scarcely prepared me for the sophistication of the operation. Here was a little museum devoted to distilling containing any number of ancient stills, some of them made from copper, others ceramic. Everything was very neatly set out and well-captioned. Even more surprising was the distiller herself: Waltraud Jobst, a small, frail looking woman and a mother of six.

Bottle after bottle came off the shelves to demonstrate just why Frau Jobst has picked up so many prizes at Destillata, the country's annual schnapps fair in neighbouring Carinthia. They were served slightly chilled to bring out the best of their pure fruit character: three different apples, all with different tastes - Arlet, Golden Delicious and McIntosh; a Styrian pear and a Williams, the latter one of the best I have ever had - like a perfectly ripe piece of fruit which you have just sliced in two. It was followed by a quince which was almost as sensational and two superlative cherries, wild and tame.

Once I got home I wondered whether it was possible to obtain something of this quality in Britain. Not much was available and I was not greatly impressed by some Slovenian samples from Fructal (Selfridges), which seemed to have been tarted up to cover up for the rawness of the spirit.

The rest was chiefly Alsatian. Marcel Deiss, for example, is considered one of the region's top wine-makers. Lea and Sandeman (tel: 0171-376 4767 for branches) stock his eaux de vie. I much admired a pretty mirabelle plum (£21.74) which reminded me of a fruit tart, but the Ärsch smelled more of fish paste than cherries, and I assumed a foreshots problem.



Café society: the old town in Innsbruck. Austrians still enjoy their schnapps and their Schnitzel

The same problem affected the Ärsch from the Swiss firm of Etter (Fortnum and Mason, 0171-734 8040 and expect to pay around £26), but once again the Williams pear was lovely, having a little more flavour of the skin than that from Frau Jobst. Also very good was a range from Gilbert Miclo.

The basic three-year-old pear had that skin character which seemed to mark the French taste in poire. The next one up came with the pear in the bottle, which for all its visual appeal, lacked a little freshness of flavour. Finally there was the coeur

de chauffe (the heart of the distillate), which sells for as much as £60. This was certainly superb. Again you could taste the skin of the pear. My fellow judge and I decided that the Austrians must peel their fruit.

There were other good things from Miclo. A quetsch, plum, got high marks for purity and consistency of flavour. The Framboise (raspberry) coeur de chauffe was also delicious. In general however, the Austrian spirits from Frau Jobst not only excelled in quality, they were also

reasonably priced. Not only do they benefit from a healthy tradition so far unchallenged by a notoriously interfering state, they show that in such matters, plentiful competition is no bad thing. Information: Waltraud Jobst 8551 Wernersdorf 41, Austria. Tel: 03466 42379. Prices for 50cl Schnaps: Sch640 (£12.75-£40). Miclo eau de vie is available from Selfridges (Tel: 0171-629 1234), Simpkin and James of Leicester (Tel: 0116-262 3132) and Willoughby's of Manchester (0161-534 6350). Prices for the three-year-olds start at £22.50.

Where to find no-nonsense earthy food

For the most part Austrian food is refreshingly earthy. In the Lyonsais region of France they may boast that they have made the pig "the King of Beasts", and found some culinary use or other for every one of its organs, but in public places, at least, a more refined approach reigns: veal, turbot and lobster contrive to dominate the menu.

Austrian food is very Austrian. I may have spotted a Chinese restaurant in the astonishingly rustic region of south Burgenland, and there are plenty of Italian restaurants in the capital, but anyone who goes into a Beisl, the place where most Austrians fill their bellies, will see that foreign influences are few and far between.

It is no place for vegetarians: even the carnival doughnuts are fried in pork fat and every menu is a lesson in porcine anatomy. One of my favourites is the Beuschel heart and lights. In the best places it will be delicately presented in a wine and cream sauce with an obligatory Serviettenknoten (a dumpling steamed in a napkin). In such cases it is often veal, rather than the more bona fide pork.

The use of veal often verges on false gentility. The text books will tell you that the Wiener Schnitzel is made from veal escalopes. In reality you must intake, loudly and clearly: "non Käbb", if you desire such a thing. The usual schnitzel is pork, and the Viennese test its quality by counting the bumps and bubbles in its breadcrumb coat.

The Wirtzarteller is a porky anthology: black pudding or Blauzen is flanked by fat bacon or Speck and a Grammlenknodel, a dumpling the size of a tennis ball filled with pork scratchings. Out in the country the food in the rural inns is often cold: brawn and Speck, black pudding and Grammlschmalz, where the same scratchings are set in the bowl of dripping you spread on the rye bread or rolls.

Most Austrians are proud of their food and are happy to give you details for its preparation. In West Styria recently I was obliged to write down the recipe for Verhackert, a hard, fatty spread made from pork back fat hung up to dry.

Only once have I been defeated by an Austrian dish, and that was the Hähn mit Ei I ordered in a Viennese Beisl. It turned out to be a brain omelette: the texture of the brains melting into that of the softly fried egg mix. It needed an element of crunchiness. Like that it was too cloyingly soft.

My favourite Viennese Beisl is the Gmoe Keller in the Heumarkt. Not so much for the food (although Frau Mitzl's liver has its fans), but for

the two old women, who run it. Not so long ago Chancellor Vranitzky paid an unscheduled visit to the place which had been familiar to him in his childhood.

He found it closed for a private party. Frau Greil went to the door and unlocked it. She looked at the chancellor's dinner jacket and said: "We're closed, even if you are a member of the philharmonic."

On the south eastern fringes of the country there is a fondness for soured cream of a pungency unknown in our supermarkets. At a new hotel in Bad Tatzmannsdorf in Burgenland I was overwhelmed by the smell of rotten milk emanating from my soup bowl. It tasted pretty good, however.

It would be wrong to suggest that Austrian food was totally closed to innovation, both good and bad. An example of the latter, which must have drifted south across the German border, was a dish of lobster cooked with mint and white peaches, which a wine maker in Göttesbrunn told me he had experienced in Vienna recently.

Wine soups were possibly invented in the Wachau. They combine wine of an aromatic grape variety with good stock and cream and can be astonishingly effective.

Styrian food enjoys a great reputation in Austria, but it is hard to experience in restaurants in the region, which are few and far between, and often shy away from some of its more rustic tenets.

Not so Steirerack, generally agreed to be Vienna's best restaurant (713 5168 2) Sch310-Sch880 before wine. This is the place to experience fattened goose livers done in an Austrian style; a superb Kalbeuschel; calves liver and tongue (a rather to sweet) orange sauce; or even a Wiener Schnitzel (admittedly vom Kalb).

Being Austria the puddings are a tour de force: they come in waves like infantry assaults. Only one disappointed me on my last visit: the Mohrenkuchen. These were little spaghetti-like strips of potato flour pasta dressed with butter, sugar and poppy seeds, and way, way too refined. Anyone who seeks to know the best Mohrenkuchen must go to the modest Stadthof in the old walled town of Engelberg (02684 3532) in the Waldviertel.

There is no question of elegance here: the dish is visually unappealing; it looks like so many fat worms under the contents of an overturned ashtray, but, the taste is wonderful. This is no nonsense, earthy food such as you rarely find in our oversanctified continent.

Need a (non-alcoholic) drink?

So it is Lent, and a number of readers will be asking, where can you get a decent drink round here?

The answer - for those who are trying so hard to avoid alcohol for the next couple of weeks - is pretty grim. To try and tide you over, here are some recommendations from what used to be called Fleet Street:

- an American Ginger Ale on ice, which sometimes looks like whisky, is dry enough to act the role for a few minutes;
a double-tonic-on-ice with double-lemon plus double bitters, can briefly console the absence of gin or vodka;
a very Virgin Mary, with double Worcester Sauce and ice, can stand in for a Bloody Mary, at least once;
some of the non-alcoholic

wines, such as Eisberg, are briefly tolerable if they are very cold;
the non-alcoholic beers are never tolerable, at whatever temperature;
some of the fancy herb-laced confections are worth trying, if you can afford them. Aqua Libra is the most drinkable, especially in its "dry" version (which is very hard to find). Amé makes much play of its exotic herbs from east or west - boasting of both Asian ginseng and Brazilian Rainforest whatever - but is too sweet for wine palates. Purvey is evidently a "health" drink targeted on yuppies staggering out of their gymnasiums, but tastes OK so long as it is cold. Experiment with the others, of which there are many;

- on a cold day, Norfolk Punch can make a good pretence at a mulled red wine;
herbal teas, hot or cold, are best tried, for newcomers or non-believers, at double-strength-in-the-mug;
plain PLJ lemon juice, must be as neat as you can take it;
old-fashioned fruit juices: the "new" Florida-style crushed-fruit versions have surely taken over for good, and some of the apple juices in health stores are especially good;
in tropical parts they have various versions of a "rock shandy", which contains, in a long glass, differing proportions of soda, litters, lemon, lemonade, ginger beer, greenstuff and, always, lots of ice;
effervescent Vitamin C is very refreshing and allegedly good for you: not more than

five times a day or you start humming;

- water? Yes. Try all the new varieties, fizzy rather than flat (Lady Thatcher's favoured Malvern is old hat). Do not believe a word you read on the labels, but go for your preferred design of bottle (eg Ty Nant's wonderful blue exercise club). They are all the same in the end, except for Badoit, which is the best - and is very hard to find in Britain;
in extremis, you can always try a Ribena spiked with Listerine.
Take courage! Come April 7 - Easter Sunday - you may return to the Margaux, the Macallan, the Flowers, the Jacob's Creek. Your conscience - like your liver - will be gloriously clear.

information: Waltraud Jobst 8551 Wernersdorf 41, Austria. Tel: 03466 42379. Prices for 50cl Schnaps: Sch640 (£12.75-£40). Miclo eau de vie is available from Selfridges (Tel: 0171-629 1234), Simpkin and James of Leicester (Tel: 0116-262 3132) and Willoughby's of Manchester (0161-534 6350). Prices for the three-year-olds start at £22.50.

UK readers who are regular Channel hoppers will be familiar with the Comtesse Du Barry range of regional French foods. Cassanlet, haunch of venison grand veneur or jugged hare with pepper sauce - just some of the company's prepared dishes. Now its products are available in the UK by mail order from Quintessentials Europe, of Anson Road, London N7. Goose foie gras weighing about 210g costs £39.80. An

Chef Jean-Christophe Novelli is offering his three-course Mothering Sunday menus at the Four Seasons Hotel, Mayfair, London W1, on March 17 and May 12. How come? Well, although Britons treat their mums on the March date, Americans celebrate later. I think this is called "not missing a trick" in the restaurant trade. However, there is a choice of four dishes per course on the £35 menu including coffee, petits fours, service and VAT. A typical choice might be asparagus soup with poached quail's egg and truffle oil, salmon and langoustine mousse in a pancake served with orange and vanilla sauce and, what else for desert but mom's apple pie? In this case the tart Novelli makes in honour of his own mother.

Appetisers Talk to Vinicio Paolini, the Four Seasons Restaurant manager, if you have any special requests - perhaps a big family table, flowers etc. For reservations ring 0171-499 0888, ext 3172. Jill James UK readers who are regular Channel hoppers will be familiar with the Comtesse Du Barry range of regional French foods. Cassanlet, haunch of venison grand veneur or jugged hare with pepper sauce - just some of the company's prepared dishes. Now its products are available in the UK by mail order from Quintessentials Europe, of Anson Road, London N7. Goose foie gras weighing about 210g costs £39.80. An

850g tin of duck confit, which would serve three to four, is £19.95 and a 175g tin of best duck fat £1.50. There is a £2.50 delivery charge in the UK on orders of less than £50. Tel: 0171-580 5068 for details. JJ The recession has cut a swathe through the French restaurant scene, and one prominent victim has been the neighbourhood bistrot, the French equivalent of the Italian trattoria: a homely restaurant where one expects decent portions, personal service, and few culinary surprises. We begin to value an institution only when it has all but disappeared. For the past 20 years hundreds of family-run bistrots have closed

because young people are reluctant to take on such a time-consuming job. There are still a good many left, with their zinc bars and moleskin dungarees. Le Petit Lebel (Hullard, FF66) is a guide to Parisian bistrots. It names 310 establishments, including 150 addresses where you can eat, all in, for under FF150. It is certainly a valuable vade mecum. My only reproach would be that Claude Lebel has created a confusing category called bistrots modernes des cuisiniers maîtres (modern bistrots with cooking chefs) which is really more about good restaurants than bistrots. On the other hand he lists enough traditional places with their bearings, egg mayonnaise and beef gros sel, to give you an idea of what it used to be like. Giles MacDonogh

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FOOD AND DRINK

Use your loaf and ignore the snobs

Philippa Davenport knows how to offer more than crumbs of comfort

Foodies have gone back to basics with a vengeance. The more fundamental the ingredient the more likely it is to fall victim to cult trends and designer treatments.

Olive oil, bread, salt and water - once regarded as nothing more or less than basic essentials - have all been put on high altars. Britain's excellent Maldon salt is now spurned as a seasoning by some food snobs in the UK who insist that only highly priced imports from Guerande or Noirmoutier are worthy to adorn their kitchens and tables.

These same people may spend hours choosing (and many pounds on buying) estate bottled olive oils from all around the Mediterranean.

Their choices are determined by their taste buds, they say, but it is hard to escape the conclusion that the impact of bottle and label sometimes counts for more than the quality and character of the contents of the bottle.

Once water came direct from spring, well or tap, and was brought to table in a jug. Now bottled water is the norm and drinkability is not the sole criteria by which the liquid is judged.

The fashionable Perrier boom, which began it all, is over. Nations large and small, with or without spas to boast about, have got in on the bottling act. The English, the Irish and the Scots all bottle water and export it with varying degrees of success, but the Welsh are current champions - at any rate in Parma.

At a banquet in that most elegant of Italian cities, I saw guests order notably more water than usual. The reason, it turned out, had nothing to do with thirst, nor did it stem from a particular partiality for the water served.

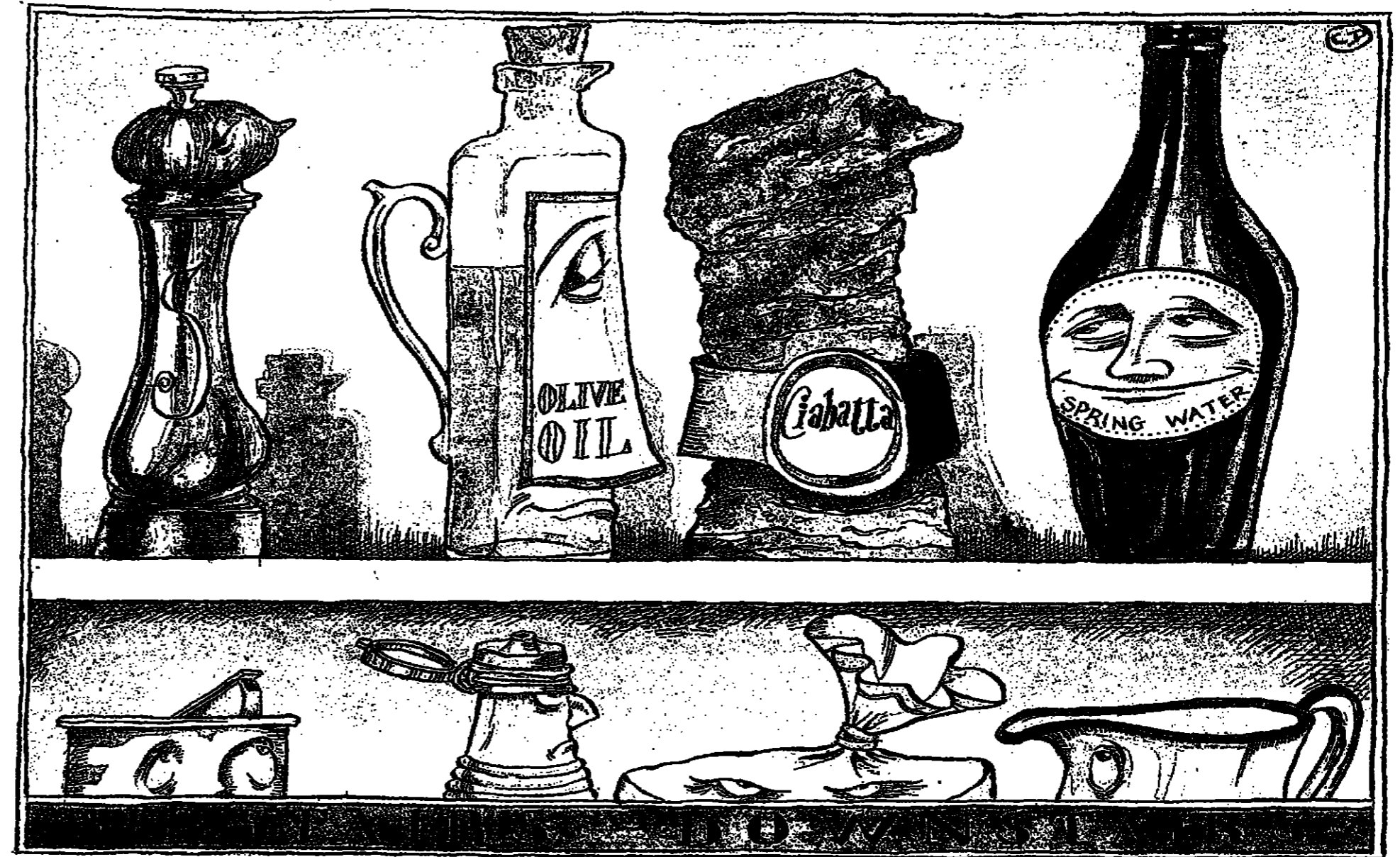
It was a matter of style: the Parmigiani coveted Ty Nant's shapely blue bottles. And at the end of the feast, after the speeches and toasts, when some British partygoers might have left clutching doggy bags filled with food they had been unable to finish, this chic company dispersed nonchalantly bearing an empty blue bottle or two apiece.

Bread was the first basic food to undergo radical revolution in Britain. It certainly needed it in those drab days when Chorleywood risen white pap was just about all that most grocers and supermarkets offered.

The choice now is huge and new bread products continue to flood on to the market. Some scream originality for originality's sake, and second-rate bread with novelty bits in it still sells far better than it deserves to. But average standards are vastly improved, some excellent breads are to be found - and occasional new gems.

One distinguished recent arrival is the Borodinsky loaf, a Russian sourdough rye bread made with malt, molasses and (this is what makes it a winner for me) coriander seed. The result is dense without being heavy, and marvellously fragrant.

The rye flour is organic, so



Borodinsky is suitable for coeliacs and those who suffer from other food intolerances. Made by Andrew Whitley's Village Bakery at Melmerby in Cumbria, it is stocked at selected branches of Waitrose and independent bakers.

Spread with a bit of best unsalted butter, I rate it the perfect accompaniment to such fish as lightly pickled herring and smoked eel. Try it, too, for banana sandwiches.

My other happy recent discovery is Bibano, in fact I admit to a minor addiction. Commercial breadsticks or grissini are usually deadly dull; sawdust dreary wands as daily identikit as pencils in a pencil case.

The recipe particular to Bibano, near Treviso, is a world apart in every detail. These breadsticks are made by hand and the dough is left to rise slowly over 18 hours. They are quickly shaped, as short, plump and individual as stubby fingers.

They are crunchy, light and full of flavour, made with flour of character, enriched with extra virgin olive oil, lard (what bad luck for vegetarians) and a light sprinkling of sesame seeds. Look out for them at selected Tesco stores round the country.

Too good to waste on dunking and dipping, Bibano is just right on their own as anytime snack or to partner

pre-prandial drinks, though I do not suppose I would say no if offered shavings of classy prosciutto to wind round them or crack-cut chunks of Parmigiano to nibble alternately with them.

Ciabatta is hardly new in the UK, but good examples of it are very good indeed and it is an admirably versatile bread. Here is one way I particularly like to use it.

MUSSEL TRENCHERS
This is essentially a variation on *moules à la marinère*. The mussels are shelled, the vegetable quota is higher and the mixture is piled on slabs of oiled and toasted ciabatta to sop up the fragrant juices and to add substance to the dish.

Quantities will serve two people generously with cheese and fresh fruit or sorbet to follow, or four people as part of a more elaborate menu.

1 kilo of mussels; 125 g ciabatta bread; 3 tablespoons olive oil; 3 shallots; 100 g celery (as much leaf as possible plus tender inner stalks); 1 garlic clove; 3 tablespoons white wine or very dry cider; 3 tablespoons chopped flat leaf parsley; a good pinch of thyme; a parsimonious pinch of dried chilli flakes (optional).

Clean the mussels using several changes of water; discard any that are damaged or do not close when smartly tapped. Chop the celery stalks,

leaves and shallots, and cook them for a few minutes in 2 tablespoons hot olive oil with the parsley, thyme and chilli, until the vegetables lose their raw crunch. Set aside.

Cut the bread horizontally in half and toast it crust side up under the grill until hot and lightly browned. Turn the bread over. Paint the crumb with the remaining 1 tablespoon of olive oil and grill until crisp and golden. Cut the garlic clove in half, rasp it over the surface of the crumb to flavour the bread. If the dish is to serve four people, cut each toast in half. Keep the toasts warm in soup plates in a low oven.

Bring the wine or cider to the boil. Add the cleaned mussels, cover tightly and cook over fairly high heat for 45 minutes, shaking the pan or turning the ingredients every now and then, until the molluscs gape and are tenderly cooked.

Strain off the juices (there should be 200-250 ml) pouring them through a sieve lined with damp butter muslin to extract any grit, and add them to the vegetable pan. Discard any mussels that have not opened; shell the rest. Bring the vegetables and liquor to simmering point. Stir in the mussels, cover, turn off the heat and leave for 2-3 minutes before ladling the mixture over the toasts for serving.

One of the most useful things the European Union has done is to grade the waters from which oysters are taken. Grade A means that microbial content is so low - or non-existent - that oysters can be eaten straight out of the water (all the oyster farms I have mentioned are Grade A). Oysters from Grade B waters must be filtered and purified under ultra violet light for 48 hours. There is also a Grade C but I would not eat them - they must be purified for two months or heat-treated.

New developments from the world of science may put an end to the rule of "not eating oysters in months without an 'R'". Scientists in France are developing a genetic triploid oyster (the normal oyster is a diploid) which is sterile so it does not spawn in warm weather; it just keeps growing.

Oysters: a sensuous eating experience

George Dorgan shares his passion for the mighty mollusc, offering recipes, tips and a tale or two

As an oyster lover, my most memorable experience is standing in the cold water of Grouville Bay, Jersey, watching the tide race away and expose endless rows of beds in every direction.

At that moment the words "here, try one of these" were among the most beautiful in the English language. It was plump - engorged on nutrients - the colour of rich butter with dark veins and a black frill.

The juice was the same temperature as the water we were standing in, and it felt wonderful as it dribbled down my chin. The oysters were a mouthful and demanded chewing. They were firm but yielding with a slight metallic tang of blood.

I do not subscribe to the aphoristic myth, but good oysters - the result of good aquaculture and good waters - are a sensuous eating experience.

Doug Le Masurier manages Royal Bay Oysters, in Jersey, with the skill one would expect a former investment banker to bring to a business. Grouville Bay is a marine/estuarine environment, rich in phytoplankton, with a 38ft tidal amplitude and the oysters are turned at every favourable tide.

Starting from nothing 10 years ago, Le Masurier harvested 140 tonnes last year and expects to do 400 to 500 tonnes annually in five years' time.

For details ring 01534-851781. Now, I do not subscribe to the notion that oysters are too good to cook. And neither do Jersey's two Michelin-starred chefs who both use local oysters regularly.

Although they are poles apart in style, they have the greatest respect for fresh oysters. Andrew Baird, chef at Longneville Manor, makes a wonderful dish of oysters with smoked salmon and Sauternes consommé.



Doug Le Masurier surveys his Jersey oyster beds

terme consommé. Kevin Broome, chef/proprietor of Broome's, makes an equally enjoyable dish of lemon-puree oysters on a bed of cabbage and pancetta with saffron mayonnaise. I give both recipes here.

ANDREW BAIRD'S OYSTERS WITH SMOKED SALMON AND SAUTERNES CONSOMME
Make a stock with 1kg of good

fish bones, onion, celery, leek and herbs, a glass of dry Italian white wine and a glass of good German white and infuse as if making tea. Strain, add 100g white fish, four egg whites and half a bottle of good Sauternes and cook slowly for one hour.

Remove consommé by dipping in a strainer lined with muslin. Wrap 24 oysters in 100g sliced smoked salmon,

return to cup shells, fill with consommé and chill.

KEVIN BROOME'S TEMPURA OYSTERS
Make a tempura batter with 100g flour, 2 tsp baking soda, salt, white pepper, 1 tsp cumin and two ice cubes and amalgamate. Rest two hours in the refrigerator. Crisp up 50g pancetta in olive oil, remove and sauté 250g shredded cabbage, return pancetta. Add 5g saffron

to 100ml good homemade olive oil mayonnaise.

Dip 24 oysters in batter with chopsticks and deep fry. Set on beds of cabbage, drizzle with mayonnaise and garnish with chopped chives, coriander and lime wedges.

A Passion for Oysters: The Art of Eating and Enjoying by Suirley Lane (Mitchell Beazley, £9.99, 64 pages) contains 25 further recipes along with useful

Gadgets to open oysters easily

Loch Fyne sells an oyster-opening guard called *Clic Hutres*, for £7.95, which clamps on to a table and takes all the pressure you can exert. It also sells French oyster knives with rosewood handles and stainless steel blades for £9.95. And, for those who eat a lot of oysters, a lever-operated, table-mounted opener for about £50, special order. Tel: 01499-500284.

information on purchasing and opening, descriptions of the leading UK and Irish oyster farms, some interesting oyster lore and drinks suggestions.

At least one of the often repeated myths about oysters contained in Lane's book - that oysters and spirits are a no-no - was recently exploded at a tasting sponsored by Scottish company Loch Fyne.

Wallace Milroy, proprietor of Milroy's, a malt whisky specialist, of Greek Street, London, bravely consumed a dozen or so oysters with a few shots of lemon vodka at the Polish Club in South Kensington, London, recently - and pronounced it a perfectly good combination.

Oysters are slowly regaining some of the popularity they used to enjoy in England with everyone from poets to painters and publicans to punters.

At the end of the last century, about 1,700m oysters were consumed annually in the UK, and not just by the rich. Sam Weller, Mr Pickwick's trusty servant in Dickens' *Pickwick Papers* observes, while driving through the East End of London, that "Poverty and oysters always seem to go together." Annual consumption in the

UK is now up to about 20m, according to John Noble a partner in the Loch Fyne Oyster Company, a fraction of what is eaten on the other side of the Channel.

Pubs that bother to serve good fresh oysters are selling them in large numbers. The Carrington Arms in Moulsoe, Bucks, serves Abbotbury oysters and Waxy O'Connor's, in Leicester Square, London, serves Ireland's Rossmores (00 353 21 883248) and both sell between 500 and 1,000 a week.

Bentley's Restaurant and Oyster Bar in Piccadilly, London (0171-287 2972), gets its oys-

ters from Cuan Sea Fisheries in Strangford Lough, near Belfast, (01238-541461) and serves about 5,000 a week.

Loch Fyne's Oyster Bars in Cairnrow, Argyll, in Elton, near Peterborough and in Nottingham, can sell up to 7,000 a week in each venue in peak holiday periods.

One of the most useful things the European Union has done is to grade the waters from which oysters are taken. Grade A means that microbial content is so low - or non-existent - that oysters can be eaten straight out of the water (all the oyster farms I have mentioned are Grade A).

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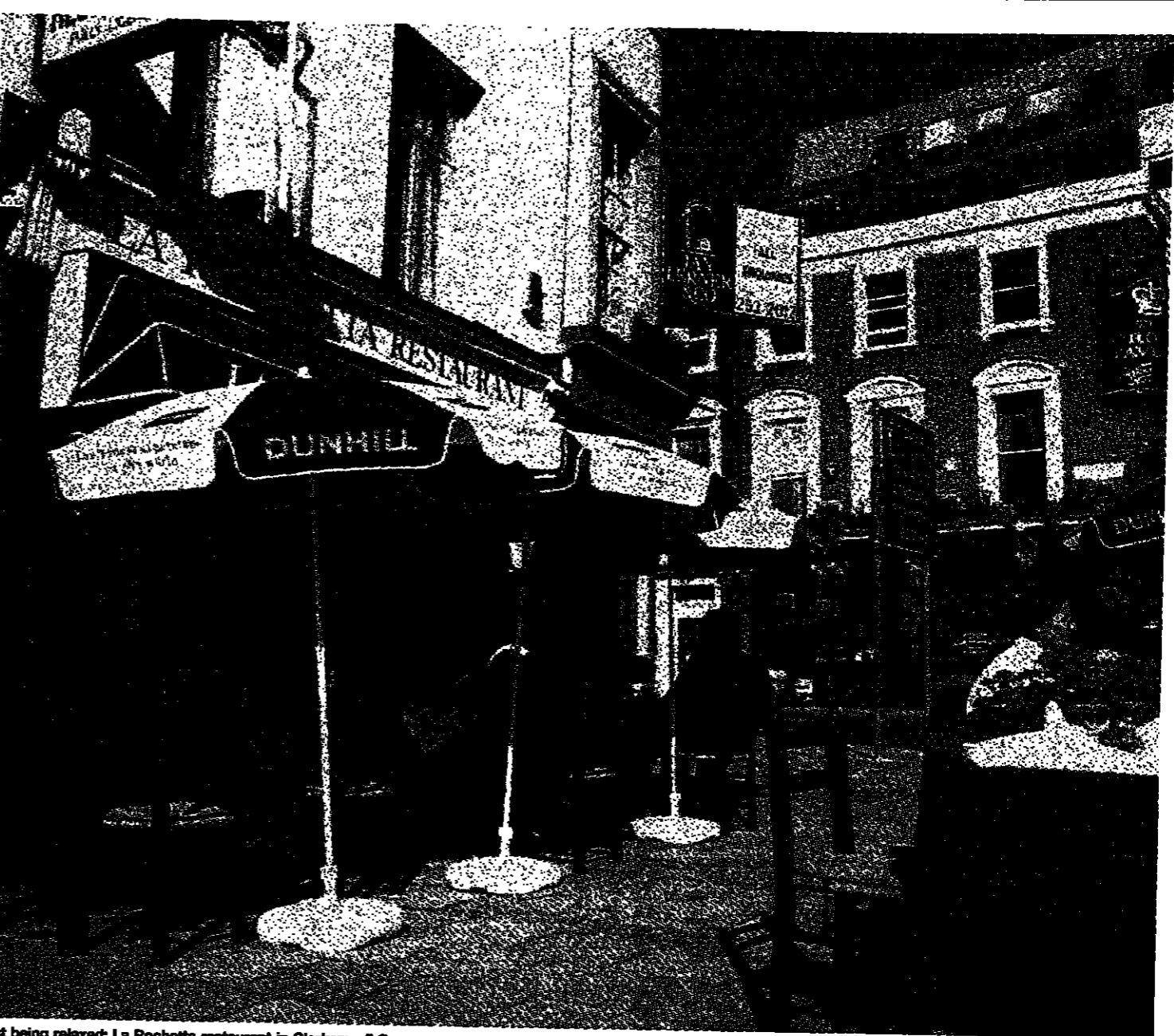
A revolution in city building

Gerald Cadogan looks at office-to-home conversions

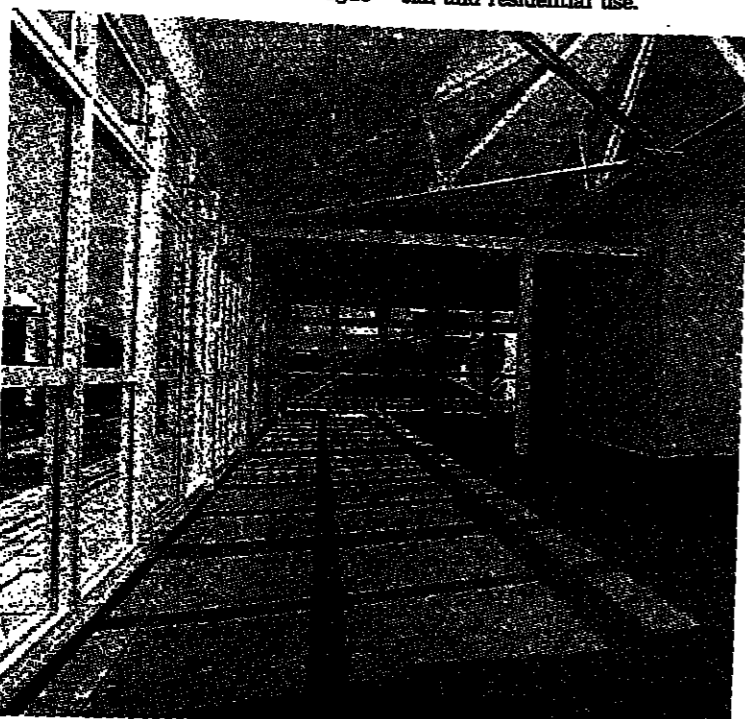
In London a social revolution is under way. People are moving back to live in converted office and industrial buildings in the City and surrounding areas. The trend started in 1992, in the recession, when Manhattan Lofts offered shell apartments in a redundant Art Deco print works in Summers Street in Clerkenwell, EC1, just beyond the north-west corner of the City boundary - and sold 80 per cent off plan before rebuilding. New residents, mostly young professionals and people in the media, had to fit out the spaces themselves. The idea has redefined living in central London away from mansion blocks or converted terrace houses in the western part of town. Restaurants follow child-free residents. Then come shops. Life returns to a part that had been dying at nightfall, although it used to be famous as an urban village (known as Little Italy). That is happening again, and the new residents walk to work - good for mind and body, and more pleasant than the Underground. Summers Street started a vogue

for shell conversions, but the recycling of commercial space has now moved beyond selling blocks of space and laying on central services. On the south edge of the City, across the river, Manhattan offers fitted apartments as well as shells at Bankside Lofts in a former factory. It has a good site: between the Financial Times and the Daily Express, close to Southwark station on the Jubilee Line extension, and next to the Tate Gallery (Bankside), which is recycling the monumental power station. Finished flats are the answer for those who do not have the energy and time to fit them themselves. They may also be cheaper in the end, since the developer can do the work for less than a private person. Many full conversions of old buildings are now under way in Clerkenwell, and some inside the City line. In Clerkenwell, Islington council has proved a pragmatic supporter, preferring that buildings are used rather than lie empty and liking the old idea of mixed commercial and residential use.

It also helps borough funds, says David Salvi, of the Bloomsbury office of Barnard Marcus. They get more council tax. He had first thought that a change to residential use would be a loss, since council tax is much less than business rates. "But it is not so. Boroughs only collect that money. They do not keep it." Rejuvenating Clerkenwell and the City is not a new idea. That was the post-war aim of the City Corporation in developing the Barbican, which includes education, leisure and cultural space as well as residential. The plan is a qualified success, partly because many dislike the brutal concrete and cold, draughty spaces of the design. But all agree on its convenience. Docklands is the other big influence. It has pulled London's centre of gravity eastwards. Docklands also shows the demand for housing close to the City, and how to re-use redundant buildings. On the river these are warehouses. Elsewhere, they are mostly small factories or office buildings. In the huge demand for offices in the 1980s values peaked at £300-£400 a square foot in 1989 in Clerkenwell. Then a glut arrived - at the same time as recession. Prices came down to £50 a square foot in 1992, said Alfred Buller, of Bee Bee Developments. Suddenly, a change to residential use became financially sense. It still is. Savills Residential Research estimates that 84 per cent of current developments were previously non-residential. In the City and midtown area (EC1-EC4, WC1-WC2) the figure is 100 per cent, and Salvi knows of more than 50 schemes that are being built or have planning permission or have applied for it. Many are small sites. Besides private housing, the buildings can also turn into student hostels, social housing or hotels - as will happen to Pearl Assurance's building in Holborn. It is an attraction also of these ex-commercial buildings that no two are the same, unlike London's conventional terraced streets. Bee Bee is redeveloping the 8 acre Clerkenwell Estate (which it bought from the Governors of Sutton Hospital in Charterhouse). This large scheme will maintain existing com-



Just being relaxed: La Rochetta restaurant in Clerkenwell Green



The newly refurbished office building in Northburgh Street, London, EC1

mercial use on the main road frontages and on the ground and first floors of buildings, while making upper floors and side street buildings residential. Living over the shop - which ensures a good social mix - is returning to Clerkenwell. The first developments are at 28 Dallington Street, until recently a vacant print shop. It will have flats and maisonettes priced between £65,000 and £165,000 and, at 15 Great Sutton Street, Bee Bee is making flats on the top three floors (at £170,000-£220,000). The next two will stay commercial, and the ground floor should have a restaurant. The agents for both EC1 schemes are Kerr-Gilchrist and Jarvis Keller.

Nearby 8 Northburgh Street illustrates the recent rise and fall of commercial property in the area. Five years ago it was refurbished for commercial use - but it has never been used. Now it will have 13 flats (£165,000-£225,000) on the first floor and above, reached by an impressive marble entrance, with a gym in the basement. The developer is Sky Properties, and the agents are Hamptons and Jarvis Keller. Among other City-fringe schemes being launched this year are 14 flats in North Mews, WC1. Barnard Marcus and De Groot Collis are agents. The grandest conversion yet is to be launched in May. Manhattan and Berkeley Homes (Kent) are turning New River Road on Rosebery Ave-

nue, EC1, into 129 flats (£100,000-£500,000). Next to Sadler's Wells theatre (which has just received a £20m grant), it was the headquarters of the Thames Water Authority and designed to show the nobility of water. This 1920s French chateau-style building, listed grade II, is awash with marble and mahogany and has a glazed barrel-vaulted marble-columned Revenue Hall and an oak room with 17th century panelling. In the City Savills is already selling units off-plan (from £135,000) in the new-build Cobalt Building in Bridgewater Square, EC2. Just across the boundary, Pembroke House, a 1960s office building in Bunhill Fields, EC1, goes on sale

later this year as 90 apartments with views across the public gardens and the neighbouring Honourable Artillery Company. Inquiries to De Groot Collis or Savills. These developments are "a massive change of thought", as Bee Bee's Buller says. By combining the interests of the City and its neighbouring boroughs to offer life and leisure on the office doorstep, they will help to keep the City to the fore of the world's financial centres. ■ Barnard Marcus, 0171-7636-2736; De Groot Collis 235-3090; Hamptons, 226-4638; Jarvis Keller, 251-9226; Kerr-Gilchrist, 431-0003; New River Head, 288-1310; Savills, 7300822. All telephone numbers have an 0171 prefix.

History on the move

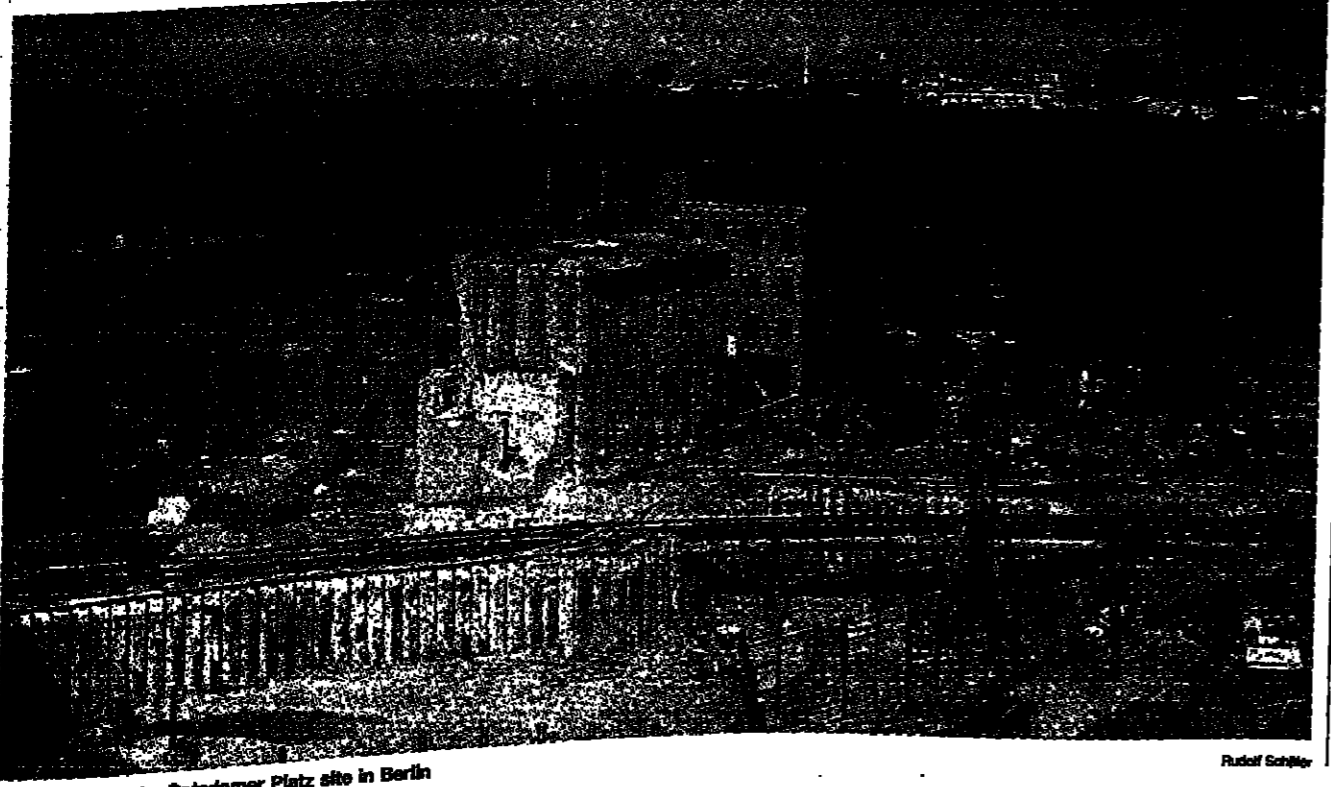
Judy Dempsey reports on the shifting fortunes of Potsdamer Platz

Every day for the past few months, Berliners and tourists have gazed through a fence at a group of workers. Defying the bitter weather, the visitors seem mesmerised by helmeted men who are methodically digging into a neo-Baroque room on Potsdamer Platz, Europe's largest construction site. But this is no ordinary building site where strucced tea rooms are bulldozed to make way for concrete office blocks. What the visitors are looking at is a section of the Grand Hotel Esplanade - a part of Berlin's turbulent history - which will be moved and relocated 70m down the street next week. It was here that Wilhelm II, Germany's last Kaiser, left the ladies after dinner and withdrew to his male companions; where Charlie Chaplin and Greta Garbo performed during the inter-war years; and where Hermann Göring frequented the salons before the second world war broke. The building site is different for another reason too. Part of this luxury hotel, built at a cost of Reichsmark 23m, an enormous sum then, and opened in 1908 to much fanfare, had survived the Allied bombing raids during 1944 - unlike so many other fashionable establishments of pre-war Berlin which

had been completely destroyed. It also happened to be located on the borders of the western sector when Berlin was divided, politically in 1949, and physically in 1961 when the wall was built. So it had some protection from fervent East Berlin planners eager to put the mark of socialist realism on their new architecture. During the 1960s and 70s, the view from the diminutive Esplanade was not much to boast about, compared with the pre-war days when Potsdamer Platz was a bustling social and shopping district. In those post-war years, Potsdamer Platz was a kind of no-man's land wedged between the competing political systems with the wall on one side and undergrowth on the other. Still, it acted as a home to nostalgics and the avant-garde, as well as serving as an ambiguous reminder to indigenes of Berlin's past. Cabaret, with Liza Minnelli playing the main role, was screened here in the 1970s, so was Wim Wenders' *Der Himmel über Berlin*, during the 80s. "You can see why this part of Berlin is a place which the conservationists want to preserve," said Edgar van Ommen, a manager of Sony, the Japanese electronics conglomerate which, at a cost of DM1.5bn, is building its new

European headquarters on Potsdamer Platz - and around the site of the Esplanade Hotel. But little did Sony know that when it bought the 23,500 sq m site from the Berlin Senate soon after the wall collapsed in November 1989, it would have to preserve the Esplanade. The German-American architect Helmut Jahn had little trouble integrating the hotel into his designs which include a cinema centre, a film academy, restaurants, apartments, shops and offices. But the problem was that the Kaisersaal, the Kaiser's breakfast room, and a small toilet - all of which are beside, but separate from the hotel itself - stood in the way of building the new Potsdamer Strasse. Jahn and Sony could hardly knock down these buildings. Berlin's environmentalists and conservationists would not have tolerated it. And Berliners, who have mixed feelings about the way their city

has changed since unification, and who constantly complain about how traffic is being disrupted by the construction, wanted to show the planners they had no carte blanche to develop every square metre of the German capital. Attuned to the political - and often provincial - climate of Berlin, Sony embarked on a mammoth task. It decided to move the Kaisersaal, the breakfast room and the toilet down the street. Later this month, those gazing through the fence at the helmeted construction workers, will see the Kaisersaal, a neo-Baroque edifice, moved 70m westwards at a cost of DM50m (£22m). And, what a sight! The Kaisersaal, weighing 1,800 tonnes, will be wrapped in a massive girth of steel to keep it intact. Thick steel girders, measuring 2.5m, will shore up the base of the room, while added protection will be provided by steel shafts sunk 18m into the ground. The entire structure will then be moved along steel rails, at a rate of 43cm a minute, and relocated to its new home. Berliners will not be able to frequent the Kaisersaal immediately. They will have to wait until 1999 when the Sony site has been completed. "But it will have been worth it," said Ommen.



Moving houses: the Potsdamer Platz site in Berlin

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Weekend FT

BOOKS

Programmed into the universe

Every serious look at the world quickly brings into view a dizzying complexity. Many things we would really like to understand apparently involve such a battery of effects acting on so many small components of some vast system that the mind reels. Global climate change and consciousness look like this: so do evolution, ecosystems, economies.

In the last decade or so, the view has changed. Scientists working on a whole range of problems have realised that the complexity is sometimes more apparent than real. They have shown how very complex behaviour can be generated when large populations of quite simple entities interact under the control of equally simple rules.

Typically, the simple entities exist inside a computer memory,

and the rules are part of a programme controlling a simulation - of ants in a nest, neurons in a developing brain, species in a rain-forest or genes in a growing organism. The way the simulation evolves over time is compared with what we know of the real thing to see if the rules the programmer has dreamed up might help to account for the properties of systems which live outside the computer.

This emerging science of emergent phenomena has raised great expectations. Several breathless accounts of the new work have already helped swell the new wave of popular science books. Peter

Coveney and Roger Highfield's overview of this 21st-century science generally offers a judicious path through the hype. They make it clear which of these silicon-based worlds are still really toy models of systems whose important properties we have yet to grasp, which offer real insight. But they do not entirely succeed in providing a compelling read while they carry out this worthy task.

The two main virtues of this baggy book are also its vices. The authors, one a research scientist at Schlumberger's Cambridge laboratory, the other the science editor of *The Daily Telegraph*, describe how

FRONTIERS OF COMPLEXITY - THE SEARCH FOR ORDER IN A CHAOTIC WORLD
by Peter Coveney and Roger Highfield
Faber £18.99, 462 pages

the development of our understanding of complexity is intimately bound up with the theory and practice of computing. They also emphasise that the twin colossi of computer science, Alan Turing and John von Neumann, were among the first theorists of complexity, as

witness Turing's deep interest in developmental biology, for example. But it was, one feels, a strategic error to conclude from this that their book needed to begin with almost 100 pages on the history of computing. This is conducted at a level suitable for readers who know absolutely nothing, which induces impatience in the more knowledgeable, as this tale has been told many times before, and usually better. To describe Godel's great theorem proving the incompleteness of any logical system without any attempt to explain how it works is selling both kinds of reader short. Patience is also needed with the

main side-effect of the authors' determination to be even-handed, a relentless name-checking of every researcher who has published anything significant on complex systems. This eventually adds up to almost 350 people who warrant a single entry in the index, and makes some of the text more like an academic review than a popular book. There are a few rather half-hearted anecdotes about Turing and von Neumann, but there is no real sense here of what drives the research, or how it gets done. The prose is competent, but rarely sparkles. This is a pity because there are many good things

here, especially in the chapters about the origins and evolution of life, and the possibilities of artificial life. But in the end, the book needs a stronger point of view to build on than the conviction that all this stuff is really interesting.

Many who are already interested in complexity will turn to these pages for carefully weighed judgments of who has contributed what so far, which claims are likely to prove justified, where real progress is being made. But that interest is more likely to be sparked by other, more selective books already on the shelves. They are undoubtedly more partisan, often less accurate, more sensational. But they are also more fun.

Jon Turney

Porn and the pursuit of liberty

Jackie Wullschlager on the books that excited 18th-century France

When future historians try to understand our intellectual climate, will they dredge Margaret Drabble and Salman Rushdie out of the archives, or will they read Terry Pratchett and Joanna Trollope, bestsellers whose fictions - fantasy, Aga Sagas - encapsulate key ingredients of the 1990s sensibility?

In this splendidly original book, Robert Darnton has applied the latter formula to a study of cultural life in the *ancien régime*. While traditional histories tell us that before the Revolution the French read Voltaire, Diderot and Rousseau, Darnton has unearthed booksellers' lists and unofficial catalogues to reveal the books that really got the reading public excited: sexy shockers about priests and young girls, scathing political tracts, and scandalous tales about royals.

All were forbidden books ordered in code, smuggled in from Switzerland or Holland by daring booksellers, and sold *sous le manteau*, or under the cloak. These libertine bestsellers, says Darnton, undercut the orthodox values of the *ancien régime*; their popularity tells much about the oblique ways in which public opinion is prepared for revolutionary change.

Two features make this book exceptional. First is the obsessive zeal of the author. Darnton has spent 25 years searching out forbidden books, publishers' letters, booksellers' accounts hidden in Swiss attics. His method is to focus on the minutiae, then to open up a discussion of pornography, capitalism, anti-clericalism. His reconstruction of rival booksellers in Montpellier rifling through each other's smuggled crates for salacious catalogues, driving pedlars on the fringes of their trade into prison, reads like a sequence from *Jean de Florette*.

As flatlessly, Darnton captures the contrasting tone of a classy north-eastern town like Besançon, where the chief bookseller pops over the Swiss border to chat philosophy with a publisher and brings home the odd seductive volume, such as *La N 240*, a fantasy about democracy set in a future Paris. This is humanist schol-

arship at its most appealing: human nature, social differences, intellectual interests all illuminated in each flash of detail.

As fascinating are the extracts from the inflammatory books themselves. The euphemism for dangerous or pornographic texts in 18th-century France was "philosophical" books. The most popular, such as *Thérèse Philosophique*, about the erotic and intellectual education of a young girl, mixed sex and metaphysics in a way unthinkable to the modern reader but natural to the libertine values of the 18th-century. Philosophes like Diderot and porn stars like Thérèse, says Darnton, "belonged to the same world - the bawdy, naughty cheeky world of the early Enlightenment, where everything was held up to

THE FORBIDDEN BESTSELLERS OF PRE-REVOLUTIONARY FRANCE
by Robert Darnton
HarperCollins £25, 440 pages

question and nothing was sacred".

Darnton is nostalgic for the pre-television age when books were read so intensely that they changed lives, and he shows how anti-clerical satires about lascivious priests weakened the church, how reading Rousseau's *Emile* "inspired lovers, spouses, and parents to reconsider their most intimate relations and... to modify their behaviour". On the other hand, much here suggests that basic human responses to reading have changed little in 200 years. One of the most eagerly sought forbidden books was *La Vie Privée de Louis XV*, which acquired something of the same popular currency as *Diana: Her True Story* did in 1992 and the *ancien régime* "lost the final round in the long struggle to control public opinion". Darnton rarely points lessons, but an undercurrent of comparison between then and now constantly enlivens his narrative. With this unorthodox account of pre-revolutionary France, he joins a select band of contemporary writers who combine erudition with entertainment to make history at once popular and significant.



Botanical art is undergoing a renaissance. Shirley Sherwood has collected the work of 100 painters from throughout the world in "Contemporary Botanical Artists" (Weldonfeld & Nicolson £40, 240 pages). Pictured is "Beetroot", a watercolour by Australian artist Susannah Blaxill.

Affairs of the crown

Imagine the fun today's tabloid editors would have had with the love affair between Queen Elizabeth I and Robert Dudley, her Master of the Horse: "Mount up Bess! Queen falls for groom"; "Dudley's wife dies in mysterious fall down stairs; courtier free to marry"; "Dudleygate: Privy Council in crisis talks 'Queen visits him in his chamber day and night' - maid".

Who the Queen would marry and who would succeed her were questions which kept European courts guessing for most of her reign. In this fascinating study Susan Doran argues that historians have accepted too readily the myth of the virgin Queen, wedded to her country, which Elizabeth promoted once she was past child-bearing age.

Although Dudley, the future Earl of Leicester, was her closest attachment, Elizabeth weighed all her would-be partners with a careful calculation of the advantages they would bring. Early in her reign the benefits of an Anglo-Spanish alliance favoured a match with the Hapsburg Archduke Charles of Austria. Later, Spain's war-mongering in the Netherlands favoured closer ties with the Royal House of France, so the Queen and her counsellors negotiated alternately with Charles IX, King of France, his brother Henry of Anjou and his younger brother Francis, Duke of Alençon.

One of Elizabeth's most popular Protestant suitors was King Eric of Sweden, whose habit of spending freely went down especially well in the City of London, where stationers began selling images of Eric and Elizabeth side by side as if they were a married couple, much to the dismay of the Queen. Ultimately the Queen abandoned all these courtships for fear of inflaming the religious and political factions which divided her court and her country.

The Elizabeth who emerges is less imperious and more uncertain than historical myth suggests. Indeed, one is left thinking how a principal theme of Shakespeare's history plays - the human cost of power - must have mirrored the realities of the time remarkably closely.

Feydeau rather than Shakespeare, it seems, would better characterise the farcical relations that existed between the three generations of Hanoverian monarchs surveyed in Michael de-la-Noy's biography of Frederick, Prince of Wales, heir to George II and father of George III. The great mystery

of Frederick's life is why both his parents hated him so much.

Educated abroad until he was 21, Frederick arrived in England to endure much the same ritual of humiliation from his father (denial of affection, rank and privileges) as his father had suffered at the hands of George I. De-la-Noy puts it down to genetic abnormalities, which makes the Hanoverian succession seem like a Freudian nightmare.

Though over-fond of psychobabble, De-la-Noy does a commendable job of restoring Frederick's reputation. A friend of Pope and Dryden, Frederick became the most important royal patron of the arts since Charles I. A leading opponent of Sir Robert Walpole and the King, his premature

MONARCH & MATRIMONY: THE COURTSHIPS OF ELIZABETH I
by Susan Doran
Routledge £25, 279 pages

THE KING WHO NEVER WAS: THE STORY OF FREDERICK, PRINCE OF WALES
by Michael De-la-Noy
Peter Owen £22.50, 240 pages

THE PRINCE AND THE PROFESSOR
by L.L. Blake
Shephard-Walwyn £7.95, 126 pages

death at the age of 44 cut short a career that might have seen his country's fortunes develop less calamitously than under his ill-fated son.

The Prince and the Professor, subtitled "A dialogue on the place of monarchy in the 21st century", is an enjoyable odd-ball of a book. Written by a barrister and modelled on Sir John Fortescue's *In Praise of the Laus of England* (1468-71), it argues that the common law tradition of the British monarchy (in Fortescue's words: "under no man but under God and the law, for the law makes the king") is this country's best defence against the absolutist tendencies inherent in EC directives issued from Brussels, which are based on the Roman law concept that "two pleases the Prince and the law". Stronger on ideas than on examples, the author should at least be applauded for raising debate about the purpose of the monarchy to an intelligent level.

Mark Archer

Sirhan Sirhan shot Robert Kennedy in front of 77 people in the kitchen of Los Angeles' Ambassador Hotel. Kennedy had only just acknowledged victory in the California Primary and established himself as a threat to Hubert Humphrey at the upcoming Chicago Democratic Convention.

The case against Sirhan was no sooner open and shut than it opened again. While all eye-witnesses put Sirhan in front of Kennedy, at least a foot-and-a-half away, the fatal bullet was fired no more than an inch behind Kennedy's right ear. Sirhan's gun contained eight bullets; considerable evidence shows at least 10 shots were fired.

Witnesses saw a security guard pull (and one thought, fire) a second gun. They described a man and a woman "in a polka-dot dress" who fled

Cover-up conspiracy

the scene exulting "We've killed him!" The same woman was spotted earlier with Sirhan, whose presence in the kitchen was never explained.

His behaviour, including the "diary" he kept and his lack of memory, bore the hallmarks of experiments in programming killers. None of this came up during his trial.

Cover-ups feed the fires of conspiracy, and the LAPD covered up from the start. Whether hiding embarrassment, involvement, or merely incompetence, they did a comprehensive job. They browbeat witnesses, altered police logs and, after the trial, began to systematically destroy evidence, including 2,400 crime scene photos.

Dan Moldea came to the case as a researcher who doubted the official verdict. In conspiracy circles, apparently Sauls were not always on the road to Damascus. Many hatchet-jobs begin with the dubious premise that the author intended to support the thesis he subsequently winds up attacking.

THE KILLING OF ROBERT F. KENNEDY
by Dan E. Moldea
Norton £20.95, 342 pages

seems sincere; indeed, he spends most of the book establishing the flaws in the evidence. Then he quickly debunks his findings and concludes that Sirhan Sirhan was just another lone, crazed assassin.

For 20 years, the alleged second gunman has been Thane Eugene Cesar, the security guard who stood directly behind Kennedy. Moldea located and gave a polygraph (lie-detector) test to Cesar, who was a rabid right-winger and admitted Kennedy-hater. He owned a .22 pistol similar enough to Sirhan's to use the same shell-casings and he lied about this when questioned in 1968.

Cesar passed the polygraph test with flying colours, which may be convincing. The question whether he would still be alive had been part of a large-scale conspiracy is perhaps more convincing.

Moldea also reinterviewed Sirhan, who was as elusive as ever. Getting nothing new, he unearthed a note Sirhan allegedly wrote to his counsel as evidence that he both knew what he was doing and got close enough for the fatal shot. Given the doubts about Sirhan's diary and his lawyers' backgrounds, this is not the best of evidence.

Moldea postulates that the LAPD reconstruction erred in tracking Sirhan's first shot, and the fatal shot. This seems likely. LAPD's filmed reconstructions of the event seem to support Moldea's scenario. However, he then discounts the contrary evidence on the flimsy grounds that LAPD were the only ones capable of proper forensic work, thus rendering eye-witnesses, FBI agents, and even other cops unreliable and - finally - trusting the very investigators he has already shown erring.

Moldea's previous works include books linking Ronald Reagan and the National Football League with the Mob. He

presents himself as a crusader, choosing journalistic integrity over commercial possibilities.

In 1974, in answer to calls to reopen the case by Paul Schrade (an RFE aide wounded by Sirhan) and Congressman Allard Lowenstein, LAPD prepared a 76-page document, whose conclusions allegedly contradicted their official verdict. This has not been released, though Moldea quotes its coversheet in a footnote.

Given that some of the LAPD personnel on the case had intelligence links, and given the history of LAPD's politics, could the conspiracy have been a localised, perhaps impromptu one? Moldea has not eliminated this, or other, possibilities.

Recently, a set of photographs taken by the then 15-year-old Jamie Enyart, turned up in California's state archives. Enyart's were the only pictures taken in the kitchen at the moment the shots were fired, but his film was confiscated by LAPD.

The photographs have never been seen. They were believed to have been destroyed in the LAPD bonfire. Enyart sued for their return. The courier delivering them said they were stolen from his car on his way to Enyart's house.

Despite Moldea's efforts, this case will not stay closed.

Michael Carlson

Fiction/Iain Finlayson Gin and moisturiser

Mavis Cheek makes no pretence to significance. Indeed, should a Large Theme intrude, it is thus signified by Capital Letters as it moves into view and passes like a ship through Ordinary Life. Her characters may wave, throw streamers and bunting at it, acknowledge its appearance as an event, but it disappears over the horizon, the champagne fizzes out and life falls flatly back into place.

Mavis Cheek's heroines are generally looking for something to happen in order that, as a result, life may become normal. What they look for is love that will settle or obscure the Larger Questions that Mavis Cheek weaves through her story like a ribbon of light, disturbing learning. Ovid's charming, alarming love poetry is quoted in the case of her last novel, *Asun Margaret's Lover*, Homer and Voltaire in the case of *Sleeping Beauties*.

These are reliable sources of quotation and allusion for life, love and the boudoir where Mavis Cheek's heroines have their minor epiphanies and their large aspirations as they

reach for the bottle - the heart's ease of gin and the soul's balm of moisturiser. They are not without resources, though a rich inner life is nothing without the nourishing external application of another layer of mascara.

Lovingly, tenderly, in *Sleeping Beauties* Mavis Cheek creates the cosmetic world of Tabitha's Beauty Parlour, a scented Nirvana that belies the

ruthlessness of the ambitions, romantic and sexual, for which women are preparing their bodies. Tabitha, on the verge of retirement from her vocation as a dedicated beautician, is grooming a worthy successor - the young, glowing, nymph Chloe whose sole faults are knock-knees and a painful tendency to speak as she finds. Chloe's big moment comes when she is entrusted with full make-overs of three women whose romantic lives depend upon her artistry.

Mavis Cheek is Faber's

female Nigel Williams, and lucky they are to have her. She is charming, chatty, sweetly frothy as Asti Spumante, and she perfectly judges her market. She is never as raunchy or as rude as Jilly Cooper. She clearly has fun writing her books, and her readers will have fun reading them. Since Mavis Cheek never condescends to women - for that matter, she rarely condescends to men, though she is less interested in them except as furnishings to woman's lives - she can enter into their secret places with confidence, rummage in their closets, take stock of their cosmetics. She particularly takes an interest in women of a certain age: "She who had been dashing, thirty-something... desirable, was now moderate, forty-something avoidable."

Superficially, Mavis Cheek too often strains for hilarity, but underpinning the "comic *tour-de-force*" (as her publishers bill the novel) is a nice sense of irony, a quiet thoughtfulness and a novelist who knows and uses the sharp tools of "Vanity, lust, folly and foolishness" as a surgeon would his scalpels.

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BOOKS



Students at a rabbinical academy; "Silence is not a rule. They read out loud while rocking back and forth... punctuating difficult articulations with wide gestures... or by thumping on books, tables..." - from "Symbols of Judaism" by Marc-Alain Ouaknin (Editions Assouline £26, 128 pages).

The greatest story - retold

Like many a good atheist, I am fond of the Bible, though I only dip into it in hotel bedrooms. Mind you, the only translation of the Bible I care for is the authorised King James version. I cannot be doing with modern ones.

On the other hand, hotel managers - and a great many others - will be intrigued to hear that the Bible is now available as an epic novel, and a reasonably well written one at that.

The Bible-as-novel may offend thousands of practising Christians. Many will never read it. But they will be making a mistake, because author Walter Wangerin, who spent 13 years on *The Book of God*, is a man of good intentions: a Lutheran minister and a professor of literature and theology in Indiana who set out to give the biblical narrative a really big shake.

His aim was to produce a clean, continuous story free of repetitions and genealogies, and to add in bits of cultural and historical background based on his own travels and scholarship. Sometimes he switches the narrational perspective so as to view biblical events through the eyes of minor characters. In all this, he succeeds.

Will it sell? In Britain Lion Publishing seems confident that it will and has printed 5,500 copies; these days, it says, hardback novels that cost as much as *The Book of God* are often given initial print runs of 1,000 copies or less.

Wangerin's novel does not start in the time honoured way, for he has moved the creation narrative back a bit. Instead, it starts like this: "An old man entered his tent, dropping the door flap behind him. In the darkness he knelt slowly before a clay firepot, very tired... He began to unroll a straw mat for sleeping but paused halfway, lost in thought. This is Abraham."

To foster coherence, Wangerin has divided his novel into eight parts. It starts with *The Ancestors*, followed by *The Covenant*, *The Wars of the Lord*, *Kings*, *Prophecy*, *Letters*

from *Exile*, *The Yearning*, and *The Messiah*.

There is nothing wrong with his novelistic flourishes. Potiphar's wife, for example, gazes at Joseph with "dead-level eyes, the lids made green with malachite." Her neck is "extraordinarily long," her throat "naked." On the afternoon of the 11th day, by which time she is steaming, "her hair loose, her eye unpainted, bright and wild," she rushes at Joseph. "Lie with me," she cries. "Hebrew, lie with me!"

Immediately before Jesus starts the sermon on the mount, he allows his "gold-bright eyes to linger here and there among the people, plucking forth individuals, Philip, Matthew, Shobal, Mary from Magdala, Gimeh, Andrew, Simon. An eagle wheeled the blue air above him. Sparrows flitted among the shrubs. Jesus spoke. "Blessed are the poor in spirit," he said, "for theirs is the kingdom of God."

The sermon on the mount happens to be the passage in the authorised King James version of the Bible that I seek out most often in my worldly, atheistic way. I would not want to upset anyone, but Wangerin's account is better.

Michael Thompson-Noel

THE BOOK OF GOD
by Walter Wangerin
Lion Publishing £20, 852 pages

This book should appeal more strongly than it does. Carl Sagan has been a brilliant populariser of astronomy and space science, on television and in print, for more than two decades. Most of the sentiments in *The Demon Haunted World* strike a chord with my own feelings. He succeeds in his main aim - summed up in the book's subtitle *Science As A Candle in The Dark* - of showing how the scientific method can cut through ignorance and superstition. Sagan's writing is as lucid and stylish as ever. And yet...

What disappoints me most is the sense of weariness and disillusion, of reminiscing about how much better things were in the old days. Now that Sagan has entered his 60s, the optimism of his earlier books seems to have evaporated.

Although I agree with Sagan that there is far too much sci-

Irrational about pseudo-science

The author's fears are unfounded, argues Clive Cookson

entific ignorance in the world. I do not accept his assertion that the problem is becoming worse. He tells entertaining stories about alien abductions, "channelling" and similar absurdities of the 1990s. But the heyday of UFO hysteria was, after all, in the 1960s.

"I worry," Sagan writes, "that as the millennium edges nearer, pseudo-science and superstition will seem year by year more tempting, the siren song of unreason more seductive and attractive." Yet what strikes me, with only four years to 2000, is how little irrational, millennial feeling has emerged; I had feared there would be much more.

Another disappointing feature of *The Demon Haunted World* - and a surprising one for an author who normally takes a cosmic view - is its US-oriented parochial approach. Too much of the book is spent railing against the dreadfulness of contemporary American popular culture, and lamenting the deterioration in American education.

Sagan, who is professor of astronomy and space science at Cornell University, has played an important role in the US space programme since its inception. Some of his moans,

for example about the loss of American competitiveness in high-technology industry, now read, disconcertingly, rather like the special pleadings of a lobbyist in Capitol Hill, trying to extract more federal funds for research.

Americans are beginning to find science "too hard," Sagan says. "Why isn't it too hard for the citizens of all those other countries that are outperforming the United States?" he asks.

From this side of the Atlantic, such doubts seem absurd. Indeed the story of the 1990s has been a reassertion of US dominance in the main fields of science and technology, after a period of relative weakness in the 1980s. In reality, the US leads Europe and Asia in all the main fields of academic and corporate research, from genetics to computing.

When it comes to education, British mathematics teachers will be surprised to discover

as powerhouses not only of industry but also of basic science.

Even so, much is good about *The Demon Haunted World*. For me the most interesting parts of the book are not those dealing with contemporary science and society, where all the arguments are familiar, but the historical analysis.

The eye-opening chapter on the witch hunts of 16th and 17th century Europe stands out. "No one knows how many were killed altogether - perhaps hundreds of thousands, perhaps millions," Sagan writes. "The inquisitors and torturers were doing God's work. They were saving souls. They were killing demons."

There is also an excellent comparison between visions of saints and the Virgin Mary, which have occurred frequently from mediaeval to modern times, and stories of alien abductions in the 1990s.

Many Sagan fans will take pleasure too from the rich vein of his own experience mined for *The Demon Haunted World*. There are more personal stories than in any of his 28 previous books.

The most touching passage in the book comes in the chapter about hallucinations. "Probably a dozen times since their deaths I've heard my mother or father, in a conversational tone of voice, call my name. Of course they called to me often during my life with them... I still miss them so much that it doesn't seem at all strange that my brain will occasionally retrieve a lucid collection of their voices."

If only everyone who heard voices was as rational about it.

THE DEMON HAUNTED WORLD
by Carl Sagan
Headline £18.99, 436 pages

A go-between with an empty heart

The novels of L.P. Hartley betray the autobiography of a tormented man, although the 'trauma' in his life remains elusive, writes J.D.F. Jones

Are the post-war novels of L.P. Hartley still cherished and read? *The Go-Between*, yes, surely a classic, with a film to help. The "Eustace and Hilda" trilogy. *The Hereing?* The rest is silence. Leslie Hartley died in 1972: this first biography, *Foreign Country*, by an unashamedly passionate admirer, Adrian Wright, successfully conveys both the sadness of the novelist's life and the limitations of his books.

Hartley, it has to be said, comes across as an extremely unpleasant man, leaving aside his private woes. He was a middle-class snob and a social climber who, with a Fenland income from the brick industry, cultivated the company of many posh friends while always conscious of being an interloper (they agreed). He was happiest in the long periods he spent in Venice, where he had his own gondola (and his own gondolier).

He suffered from an overwhelming and hypochondriac mother and a shadowy Methodist/Liberal father; his most vigorous relationships seem to have been with his servants - in his sad, drunken, later years he suffered a sequence of rogues, even as he railed against the lower classes ("the

W.C."). His reliance on servants was so extreme, claims Wright, that he could not even turn on the wireless (surely not?).

He was homosexual though the detail of this part of his life evades his biographer, in part because most of the personal archives have been destroyed. The great love of his life was Lord David Cecil, who deserted him for marriage: the biographer suggests, in a careful phrase, that "the quality of their friendship, in which sex was present but never used was for Hartley the perfect arrangement".

Wright, while warm to his subject, admits that he was "a flawed hero". That is very kind. A woman friend and collaborator declares, devastatingly, that "he had an empty heart". Cuthbert Worsley (of the FT), reviewing one of his later books, described the Hartley-model narrator as "wet, feeble, sloppy, flaccid, flabby, degenerated, inverted, prissy, precious, an aesthetic nincompoop, tame as a neutered tabby...", adding that the other characters were "dead from the waist down". That must have hurt, and Hartley sued.

And yet, Hartley wrote just a few wonderful novels. In the

absence of documentation or cooperation, Wright has gone back to the books, which, he insists, betray the autobiography of a tormented man. "Solitude, unhappiness, frustration, guilt," were the qualities Hartley ascribed in an early essay to Emily Brontë and Hawthorne - and evidently shared. The novels, argues Wright, "are a landscape of (his) life, not a map". Eustace, in the trilogy starting with *The*

admit that he has not found it in its precise detail.

Was it, indeed, some sexual discovery, stumbled upon during a schoolboy holiday in 1909? Could it have been an experience of some sort of childhood abuse? We are unlikely ever to know, and can only read the fictions with an ear to their confessional meaning. (There is an alarming late short-story about a young boy with his father, while his final novel involves a boy and a chauffeur.) But the more fascinating autobiographical element in this book is the discussion of the source material - Hartley's childhood closeness to one of his sisters - of *The Strump and the Anemone*.

This tale of a dispiriting life is well done, though inevitably dragged down with too much detail of Hartley's constant social engagements around Europe. It is helpful to be redirected to the first, and forgotten, novel, *Simonetta Perkins*, in which, in its evocation of a Venetian drama, "Hartley for the first time reveals himself as a novelist specialising in the disguise of the truth... It at once fixes his fascination with the sexual act, and his inability to accept it..." That book, I must warn you, is out of print.

FOREIGN COUNTRY:
THE LIFE OF
L.P. HARTLEY
by Adrian Wright
Andre Deutsch £17.99, 304 pages

Strump and the Anemone, can only be Hartley himself. *The Go-Between* contains material essential to an understanding of Hartley.

That unforgettable novel, you will recall, centres on the boy's experience when he acted as "go-between" for a pair of lovers who transgress the class divide of the time; the boy's life is transmuted for ever after. The "trauma" in Hartley's own life, which can be seen to have led to his emotional sterility, is central to his biographer's search, and Wright is honest enough to

There are classics one turns to for specific reasons: Jane Austen to alleviate the horrors of long flights; E.F. Benson for the post-flu droops (Miss Mapp the ideal tonic). A novel I return to again and again, because of the skill and unabashed wit of its writing, is Randall Jarrell's *Pictures from an Institution*.

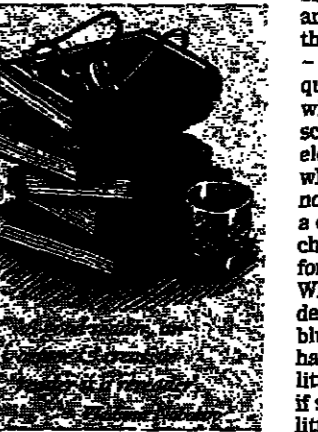
Rereadings

Pictures from an Institution

Clement Crisp launches a new weekly column

She views the faculty members as material for a new novel, and her formidable eye for their foibles gives each of them a kind of mocking shadow. (Gertrude's bark is not worse than her bite: "Gertrude's bark was her bite, and many a bite has lain awake all night longing to be Gertrude's bark.") The other characters - headed by the college President, who is a far too boyish ex-Olympic swimmer, ideal fodder for Gertrude's most malign fantasies - are shown to be ridiculous, pathetic or, and here Jarrell's writing has a grace to match his wit, vulnerable.

Each is summoned to life, and it is a credible life no matter how preposterous their manner, with a vividly communicated delight in their eccentricities or their humanity. They may be



mocked by Gertrude - and one of the book's finest set pieces is the college's "Art Night" when Gertrude sets on a literary gent for whose compositions we almost feel sympathy after she

has savaged him - but Jarrell's portraits are wholly believable. If they did not exist in life, these people ought to have been done - not because they are recognisable types, but because their literary existence is so potent, so pungent. (I half expect Radio 3 to feature Gottfried Rosenbaum - composer in residence at Benton - in some exhumating survey of Viennese music of our time.)

I return to *Pictures from an Institution* time and again, as one does to music. The balance and felicity of Jarrell's style, the resonance of the language - this is truly a poet's novel - quite as much as the tearing wit, the Brock's benefits of scorn and hilarity and elegantly barbed humour, are what keep each page fresh. I do not know where you may find a copy nowadays, but if you chance on one, buy it. It is a light for winter's darkest days. Flo Whitaker, "in faded blue denim pedal-pushers, a faded blue denim halter, and a pot hat, a round white hat like a little girl's," looked "always as if she were leading six or seven little children up a sand-dune. She was, surely, the least sexual of beings; when cabbages are embarrassed about the facts of life, they tell their little cabbages that they found them under Mrs Whitaker." You see?

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ARTS

The Opéra reopens its doors

After an 18-month face-lift, the Palais Garnier is back in business, reports Andrew Clark

You need only glimpse the Palais Garnier, standing monumentally at the head of the Avenue de l'Opéra in the centre of Paris, to grasp the importance of opera and ballet in French national life over the past 150 years. And you only need to mingle in the crowds swirling round the Châtelet during the current run of Verdi's *Don Carlos* to realise how popular the lyric theatre can be when it is properly funded.

There is nothing apologetic about French support for the arts. Successive governments have invested heavily in high-quality culture, whether it be Corot at the Grand Palais, Balanchine at the Bastille or Boulez at the Cité la Musique.

The rewards were obvious last weekend. After 18 months of refurbishment, the Palais Garnier - known since its inauguration in 1875 as the Opéra - re-opened with concert performances of *Don Giovanni* and a new staging of *Così fan tutte*. At the Châtelet, a front-rank cast revealed the full splendour of the five-act version of *Don Carlos*. With a Kirov season at the Théâtre des Champs-Élysées just ended, and strongly cast revivals of *Onegin* and *Billy Budd* about to begin at the Bastille, Paris is re-asserting itself as the world's operatic capital.

The Palais Garnier's ornate decoration evokes a style of opera-going from a less egalitarian era. Every corner radiates atmosphere. The entire FF145m (£18.7m) cost of the renovation was met by the government.

The re-opening events were nonetheless an anti-climax. Two Mozart operas - one in concert, the other an intimate six-hander - hardly add up to the grand operatic statement the occasion demanded. And neither of last weekend's casts set the pulse racing. In *Don Giovanni*, Michele Pertusi made a smooth but harmless seducer, Renée Fleming an effortless Donna Anna. The best of the evening was Joan Rodgers' "Mi tradi" and Monica Groop's far-from-soubretteish Zerlina. Georg Solti whipped the music into shape in his usual inimitable style.

In *Così*, Jeffrey Tate's sensitive conducting was the sole source of inspiration - turning the Opéra orchestra into an

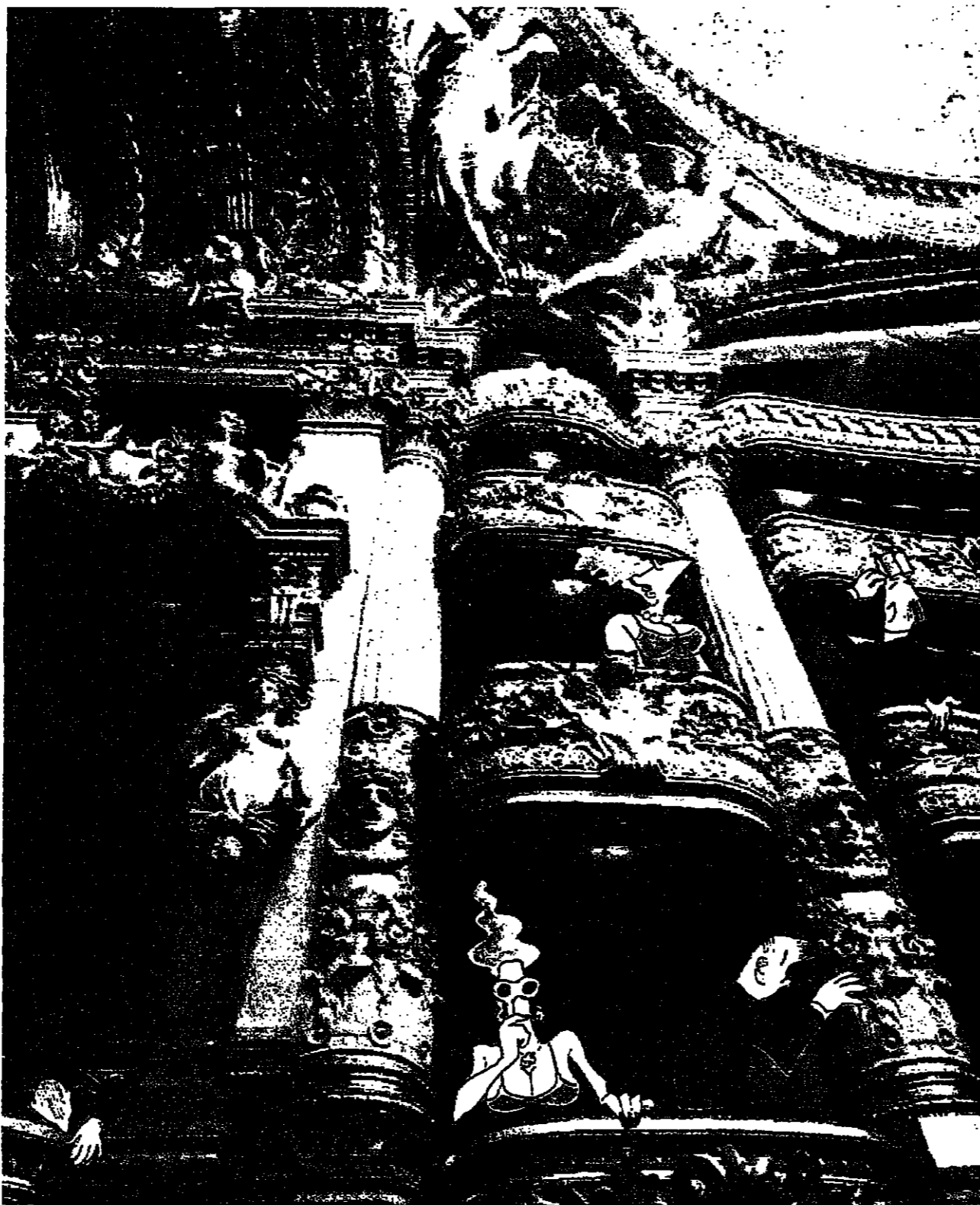
instrument of warmth and refinement. But Ezio Toffolutti's production failed to probe beneath the surface, and the mainly British cast was even to a fault. William Shimell's Alfonso tried to don the airs of an older man, but ended up acting like a camp 18th-century courtier. As the two sisters, Susan Graham and Susan Chilcott resembled a pair of identical northern dolls - though Chilcott, encouraged by Tate's pianissimo accompaniment, distinguished herself in Fioriligi's "Per pietà". The only real spark came from Simon Keenlyside's rampantly masculine Guglielmo.

Why did the Opéra entrust such a prestige production to a designer with no experience of directing? Toffolutti translated the setting from Naples to his native Venice, painting the opening scenes in the style of an 18th-century veduta, furnishing a gondola for the amorous couplings of Act 2, and introducing nonsensical *commedia dell'arte* extras. It was all very pretty, but a setting like this only works with a strong directorial hand. Toffolutti left the cast to their own devices.

By opting for a modest re-opening and reserving his large-scale repertoire for the opening scenes in the style of an 18th-century veduta, furnishing a gondola for the amorous couplings of Act 2, and introducing nonsensical *commedia dell'arte* extras. It was all very pretty, but a setting like this only works with a strong directorial hand. Toffolutti left the cast to their own devices.

Verdi wrote *Don Carlos* for the Opéra in 1867, but its last outing there 10 years ago was a disaster. The Châtelet put together a front-rank cast under Luc Bondy, one of Europe's most inspirational stage directors. The result was five hours of sheer splendour, which Covent Garden can enjoy when the production moves to London in June.

The Châtelet chose the same version of the score as English National Opera in 1992: the



'C'est magnifique' The restored opera house is a place for the 'gratins' of Paris to see and be seen

five-act original augmented by material cut before the 1867 first night and discovered by Andrew Porter in the Opéra's archives in the 1970s. In cases like the Elisabeth-Eboli exchanges before "O don fatal", the extra material fits well. But the Philip-Carlos prison diet holds everything up. Verdi knew when to wield the scalpel after all.

With that one exception, Verdi's inspiration never flags. Verdi gave Paris what French grand opera rarely glimpsed: largeness of scale matched by intimacy of human drama. That this combination seemed so potent at the Châtelet is as much a tribute to producer, cast and conductor (in that order) as it is to Verdi.

This was anything but a traditional stage spectacle. What

interested Bondy was not the outward realism of time, but the inner realism of human feeling and torn relationships. Each of the great duets was choreographed with spellbinding intensity, as if movement had been determined by a magnetic field of attraction and repulsion. Even minor moments were invested with palpable emotion. This is surely the kind of personal drama Verdi intended.

Gilles Aillaud's decor was simple, spacious and predominantly Spanish: a floor-mosaic in the sunlit monastery interior, an exotic parlour for Eboli's veil song, a barren bed-chamber for the king's Act 4 aria. Moidele Bickel's costumes, including décolleté gowns for the women, lacked historical veracity but told us

the characters were.

The four male principals were as good as one can hope to hear today. Roberto Alagna fully justified his rating as the world's leading tenor of the post-Pavarotti generation. He matched words to musical line with easy authority, never forcing and only occasionally hardening his tone at the top. He also acted like an intelligent member of an ensemble: six weeks of rehearsal had brought their reward.

Thomas Hampson's Posa was no less compelling. Disguised in flowing locks and long black coat, he could have stepped out of a Velázquez painting. Although his diction could be improved, his generous tone matched the "French" refinement of the music, and his trills were pure delight. José

van Dam's veteran Philip was the embodiment of emotional constipation, the voice sounding rejuvenated. Eric Halfonson's hooded Grand Inquisitor moved like a crab and sang like a devil.

The ladies were a matter of taste. Karita Mattila may not be a true Verdi spinto, but she sings ecstatically, with a rare ability to express conflicting emotion: she made a stunning Elisabeth. Waltraud Meier had neither the coloratura nor the purity of timbre for Eboli, but compensated with a brilliant "O don fatal". In the pit if not on stage, the performance was infused with an authentically French grandeur, thanks to a smoothly-contoured, luxuriant account of the score from Antonio Pappano and the Orchestre de Paris.

Competition was tough in the foyer

Paul Betts mingles with the Parisian beau monde on the opening night

The renovation was described as a *lifting* and the frangibles could not have been more appropriate. Like an over-ripe dowager, the old Paris Opéra was badly in need of a face lift.

After all the scandals and political shenanigans that have bedevilled the agitated world of Paris opera during the last seven years, the long awaited event was marked with not one but two opening nights - and both were an opportunity for the *gratins* of

Parisian society to turn out in force and celebrate the return of *bel canto* at the Palais Garnier. "The hour of shame has passed", remarked one political commentator, referring to the late socialist President Mitterrand's decision to build a new "opera for the masses" at the Bastille

and to confine the Palais Garnier to ballet.

There could be no greater contrast than the two houses. The people's opera of the Bastille, which opened on the 200th anniversary of the 1789 French Revolution, was described last week by Rolf Liebermann, the former

director of Garnier, as an airport terminal. With 2700 seats, it is the world's biggest opera house but since its opening in 1989 it has been beset by strikes, financial difficulties, the dismissal of 17 directors - not to mention criticisms about its poor acoustics. "What is the difference between the new opera house and the Titanic," went the joke in Paris. "The orchestra played on the Titanic."

The Palais Garnier makes no concession to multi-cultural modernism. It is a showpiece of the Second Empire, a temple of the bourgeoisie at the heart of the commercial centre of Paris. Charles Garnier himself said of his preposterously exuberant building, a cocktail of baroque and neo-renaissance, that it was to be "a monument to art, to luxury, to pleasure". Théophile Gautier called the pastiche "a worldly cathedral of civilisation".

My invitation to the first night of *Così fan tutte* said *Smoking-yes*. And I was glad to be decked out in dinner jacket because on formal occasions the French are more formal than the British. Even so, some stranger kindly brushed off a few specks of dandruff from the back of my collar as I walked up the great ceremonial marble staircase decorated with statues of females carrying torches.

I arrived early to indulge in a little aristocratic preening and social intercourse in the grand foyer and the parquet hall on the first floor designed by Garnier "as a drawing room for Paris society". Women in magnificent outfits walked arm-in-arm with their escorts. "C'est vraiment magnifique", they muttered as their eyes fixed the *tailleurs*,

the evening dresses, the jewels of the other women wandering in that provocatively self-conscious Parisian manner. Parisian women, a French friend acknowledged, are very unsuitable in the way they flaunt their sexuality. "Young and old, they dress to compete against the other women." The competition was also tough in the foyer.

You could have been inside a painting by Renoir or Manet: or indeed inside the Monte-Carlo casino, for Garnier was later commissioned to build a mini replica of his Paris Opéra in that great temple of gambling. Both have the same abundance of sculptures, busts, allegorical figures, classical masks, frescoes and the same audience, at least on gala nights, of social locomotives for whom the performance is really a secondary matter.

Inside the auditorium nothing seemed to have changed. That is the triumph of the renovation, the third in the opera's 121 year history. But on closer inspection, everything has been restored to its original *éclat*: the curtain in front of the Italianate stage; the red "Opéra" damask in the boxes; the seats in the stalls in their luxuriant Trianon red re-painted in their original black; and above all the Chagall ceiling resplendent thanks to the restoration of the 144 little round lights circling the dome like the necklace worn by the Empress Eugénie, wife of Napoleon III, in Winterhalter's portrait.

Eugénie had criticised the opera's lack of style. "What period is this, it is not Greek, nor Louis XIV," she told Garnier. "This is Napoleon III style," he replied.

But the best of the Opéra's *lifting* remains invisible to the

audience. Air conditioning has been installed to provide a comfortable, constant 21°C temperature. High tech electronics have replaced the old stage machinery and the curtains now drop so silently that the tenor did not hear them coming when they fell on his head in the middle of the last act. Acoustics have also been greatly enhanced.

"I adore *Così fan tutte*", said my neighbour with whom I was trying to avoid touching knees. "I love your informality, the way you see dukes in old dinner jackets drinking at the bar next to young in jeans." In the Garnier stalls, the seats with leg room designed for a Toulouse-Lautrec continue to be dreadfully uncomfortable. "The French must have been very small in the last century," my neighbour added. But she was watching all the other people and oohing and aahing about the Opéra's renovation.

"I do love star gazing," she acknowledged. She spotted Mme Pompidou; Raymond Barre, the former prime minister known as "France's greatest economist"; Pierre Bergé, the head of Yves Saint Laurent whose reign at the Bastille opera turned into *grand guignol*; and famous cashmere socialists alongside the imperial guard of the old regime.

We had a traditional after show dinner at the bustling Café de la Paix on the Place de l'Opéra. At around 2am one of the divas arrived with her entourage in to be told that the chef had gone to bed. At my hotel the night porter asked if I had had a good night at the opera. "Magnifique", I said. "What did you see?" "You know, I really can't remember."

The deft painter from Delft

William Packer reviews the Vermeer exhibition in The Hague

Vermeer of Delft is one of the rarest of artists - so rare that the whole world is beating a track to the Mauritshuis at The Hague this spring to see only 22 of his paintings of the 35 that survive. Most of them are small, some tiny, and they fit easily into four small rooms.

Vermeer is also one of the most puzzling and contradictory of artists. The belief that he was reclusive in his lifetime and forgotten thereafter is now exposed for the myth it is, yet many questions remain. Vermeer was just 21 when, late in 1653, he was admitted to its painters' guild, the Guild of Saint Luke. He was its master at 30 and again before he was 40. He was also a picture dealer, a business he inherited from his father and which finally ruined him in the 1670s. Dealers are not normally a retiring breed.

So, Vermeer was active and prominent throughout his life, visited by distinguished foreigners and supported by some known collectors. So where are all the paintings? Fewer than 40 for an active career of some 20 years seems improbable. At the time of his death, late in 1675 at the age of 43, there were at least 28 of his paintings still in his studio. Well-known and respected as he was, had barely one a year left his hands hitherto?

Some would argue the meticulous nature of his technique as cause of so slow a process, but this is nonsense on two counts. In the first place, even the most meticulous of techniques need not be all that slow; the minutest highlight on a pearl earring can be the work of an instant. In the second place, he was not as meticulous as all that.

What is so intriguing now is to see how broad his handling so often is. In the earlier, larger religious and historical paintings, Italianate in feeling yet with a hint of Rembrandt, this is only to be expected. But once he shifts from the ideal to the actual, to the "View of Delft" and "The Little Street" of the later 1650s and his putative association with de Hooch, it is still the rich painterliness in the description rather than its obvious attention to detail that so takes the eye. De Hooch seems pedantic by comparison. Indeed, in such a matter of detail as the proportion of the figures by the river and in the street, Vermeer is hopelessly out. Later, the tiny "Girl in a Red Hat" of 1665, who turns from the light, her face in shadow, is a miracle of swift, deft painting.

In the great sequence of figures in interiors that follows after about 1660, the figure is established within the defined pictorial space, in proper relation to chair and table, window and wall. The more obvious narrative genre, of bar-room gallantry and sexual innuendo,

soon falls away to be replaced by something more ambiguous and understated. The light floods in as a rule from the left and against the screen of the far wall a woman stands - now reading a letter, fastening a necklace, pouring milk from a jug, holding a pair of scales, reaching to the window, playing the virginals.

Much is made of Vermeer's preoccupation with perspective, but often he does not get it quite right. Sometimes it is forced or exaggerated, sometimes simply too evident and assertive. And the figures sometimes betray a crumpling of an arm here, a crudely stated hand there, or the mere indication of a face. It was long thought that he used a camera obscura to set up these compositions. So far as perspective is concerned, it is now known that he used the simplest of devices, a pin and a string. Instead, the figures, perhaps, are another matter, for there are some shifts of focus, burblings of contours and some loosenesses of description that suggest something other than the evidence of the eye registered directly on the canvas.

What is rather more interesting is Vermeer's formal engagement with composition. He sets the vertical against the horizontal against the diagonal not only to clarify the space in which the figure stands, but to organise the painted surface as a surface. The actual device may be the frame of a painting, a door, the lid of a harpsichord. Time and again, the bottom corner of a frame presents the woman's head as she turns towards us. In several paintings it is a map with a rod along its lower edge. Now it hangs behind the figure to throw it forward, now to one side, now, so the X-ray shows us, finally quite painted out. These are not the concerns of a purely descriptive and narrative artist. Rather, they speak of one deeply engrossed in the structures and abstract visual syntax of painting itself. Two and a half centuries on, it is Mondrian, another Dutch painter, who comes to mind.

Vermeer emerges from this exhibition as surprisingly uneven an artist, by no means the immaculate master of his reputation. But at his best, he is truly great, for the unique intensity, the exquisite sensitivity with which he celebrates the figure before him, and the space in which she stands. How can that woman be so true, so beautiful, in that frozen moment as she half turns, half smiles, towards us, standing at her keyboard? It is enough that she just is.

Johannes Vermeer: the Mauritshuis, The Hague, until June 2; sponsored in the Netherlands by Rabobank.



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A star is born

But will she survive? asks Joan Acocella

One does not know what to think of New York City Ballet at this moment. On some nights, the company turns out the same vacant performances that became the norm soon after George Balanchine's death in 1983. Yet there have been other nights this season when one could feel the pulse quickening again, the breath rising - the old thrill.

What is happening? The most obvious change is in casting. For the ten years following Balanchine's death, the basic casting policy of his successor, Peter Martins, was wait-your-turn. Most of the big roles were taken by veteran dancers, no matter how tired. Meanwhile, fresh talent withered on the vine. Recently, however, for various reasons the ranks of the senior ballerinas have thinned, and Martins has been forced at last to bring up the young women.

Not all of them are setting the stage on fire, but one is: Maria Kowroski, from Grand Rapids, Michigan, who joined the company a year ago. Kowroski had a few important roles last season, but no one seems to have noticed. Now, this season, she has danced several large, historic roles - Odette in Balanchine's *Swan Lake*, the fourth-movement ballerina in his *Western Symphony*, the second-movement ballerina (Suzanne Farrell's role) in his *Symphony in C* - and no one is noticing anything else.

Kowroski has a tremendous endowment: big, strong feet, a supple back, a huge extension, a beautiful line. Beyond that, she has boldness, glamour, hunger. She makes you watch her. She has a few small technical problems; furthermore she is 19-years-old and therefore a little frantic. With every backbend, the hands brush the floor; in every arabesque *penché*, the leg shoots not just to six o'clock, but to 6:05. (She reminds one of the young Sylvie Guillem.) All she needs is to modulate, infect. In other words, she needs to become an artist.

Can she? Apart from time, what turns a young dancer into an artist is repertory and coaching: something artistic to dance and inspired instruction in how to do so. Coaching has been a dire problem at City Ballet. The only leading dancers who seem to know how to mold and develop a performance are those who were trained by Balanchine, notably Kyra Nichols and Nichol Hilzka.

The coaching void could be filled by hiring some of Balanchine's retired dancers to instruct the young. (Why Peter Martins has not done this is an unsolved mystery.) A harder problem is repertory. There are very few good new ballets being created in the US, and none being created at NYCB. Every season, it seems, another Balanchine ballet is dropped from the company's schedule. His hold on the repertory is now hovering at about 50 per cent. And what is taking the place of his works?



Setting the stage of New York City Ballet afloat: the 19-year-old Maria Kowroski, seen here in 'Swan Lake'

Either the cold, empty ballets of Peter Martins or the warm, corny ballets of other choreographers.

This season's new offerings were exemplary. First came Martins' well-exemplary *Reliquary*, a pastiche of Balanchine's Stravinsky-ballet style set to a pastiche of Stravinsky by Charles Wuorinen. Actually, the score contains bits of real Stravinsky, discarded sketches given to Wuorinen by the composer's widow. The choreography contains rather more bits of Balanchine, but the effect is to convert Balanchine from a way of dancing to a set of gestures, from a living force into a dead thing, a "style" that can then be appropriated, like a Deco handbag. With apt

timing, Lincoln Kirstein, the man who brought Balanchine to America and founded NYCB with him, died the morning after *Reliquary's* premiere.

All the sentiment abjured by this ballet seems to have taken cover in the season's other new piece, *Touch*, choreographed by the former Paul Taylor dancer David Parsons to a commissioned score by Richard Peaslee. This was one of those many-modes-of-love ballets (the swooning couple, the quarrelling couple, the sexy couple), but updated - to the 1960s. It looked like had Jerome Robbins: lots of pony tails, lots of alienation. The only really modern touch was that when the boys finally stopped hugging the girls, they

started hugging the boys. How are dancers to become artists in ballets like this? And if, by accident, they did, why would such ballets need artists?

Among the spirited youth in *Touch* was a 22-year-old dancer named Monique Meunier. Seven years ago, at the annual recital of the School of American Ballet, Meunier too danced Suzanne Farrell's role in *Symphony in C* - so grandly, so lustily, that people were talking about it for weeks. A star was born! Then Meunier joined NYCB, and there followed a long tale of miscasting, no casting, weight problems, mysterious illnesses. Today we rarely see her. Under such circumstances, what can one feel when another star is born?

A writer always true to herself

Joan Smith on the life and work of Marguerite Duras

When the novelist and playwright Marguerite Duras died this week, British newspapers responded with lengthy and respectful obituaries. The author of *L'Amant* and screenwriter of *Hiroshima Mon Amour* was hailed as "the cynosure of the French intelligentsia and one of the most widely-read French authors of the post-war period". Although intended as a tribute, this encomium in the *Daily Telegraph* had the perverse effect of reminding readers that Duras and a handful of others aside, France has always had difficulty in exporting its cultural icons.

Only a few - Sartre, Gide, Barthes and Foucault - have achieved in Anglophone countries the kind of instant recognition they enjoyed at home. Indeed since the novelist Françoise Sagan lapsed into relative obscurity, only two female names can be said to count: Simone de Beauvoir, who died ten years ago, and Marguerite Duras. Now the woman nicknamed "St Margarete" by the satirical magazine *Le Canard Enchaîné* has exited this world at the age of 81, a couple of months after François Mitterrand, the former president who headed the Resistance cell in which she took an active role.

How, then, did Duras manage to break through so many powerful cultural barriers and become an international figure? Like de Beauvoir, she was lucky in her timing. Both women, when their strong, independent natures guided them towards feminism, found an audience eager to hear what they had to say. Equally important was Duras's insistent elision of the personal and the political. Beginning with the script for Alain Resnais's film *Hiroshima Mon Amour* in 1959, in which a French actress's affair with a Japanese architect revives memories of her love for a German soldier during the second world war, Duras's writing gave intellectual authority to a younger generation of women who found themselves confronting painful dilemmas in a rapidly changing world.

She was still breaking taboos at the age of 70, when her autobiographical novel *L'Amant* won the Prix Goncourt for its frank account of the seduction of a French schoolgirl by a rich Chinese in colonial Indo-China.

(Duras was born in Giadinh, near Saigon, and lived there until she was 16.)

The other key to Duras's extraordinary success was her war record. Simone de Beauvoir was naive enough to sit and write day after day in the Café de Flore, a notorious haunt of the German occupying forces; Duras was once taken there for lunch by a Gestapo agent on whom she was spying for the Resistance. Yet in a country where the question "what did you do in the war?" is still capable of raising a frisson of anxiety,

fied not as Marguerite but Thérèse.

Duras does not flinch from the details of the beating: "Thérèse looks at the fists falling, hears the gong of the blows, realises for the first time that in a man's body there are layers almost impossible to pierce." Her statement in a short, enigmatic preface that "Thérèse is me" seems unequivocal until the reader realises that it echoes, perhaps deliberately, Flaubert's celebrated declaration, "Mme Bovary, c'est moi". Flaubert was not speaking literally and Duras is clear enough, here and elsewhere in her writing, to leave the question open; it is impossible to tell how much of her work is directly autobiographical, how much of it adapted to reflect some - as she sees it - larger truth.

Frédérique Lebelley, Duras's much-reviled biographer, certainly sees Duras as mythopoetic, accusing her among other things of exaggerating the number of lovers she took. In a sense it does not matter, as Françoise de Lassix Gray argued, reviewing one of Duras's novels in the *New York Times Book Review*, her female characters "identify so totally with the male object of their obsessions that their loyalty is ultimately a form of fidelity to the self".

That self is the real subject of Duras's writing, and of her most passionate engagement, which is why her autobiographical work is the most successful part of her oeuvre. Even her most dedicated admirers have trouble with the novels unrelated to her life, and it is a striking feature even of *L'Amant* that the lover of the title is a somewhat insipid vehicle for the passion he inspires.

Yet there remains something about her powerful authorial voice that rescues Duras's prose from the charge of unrelieved solipsism. It is partly her absolute insistence, still too rare in women writers of any nationality, on her right to be heard. It is also the fact that the beam of light she turned on herself was unsparring, so that her detractors could not accuse her of anything - alcoholism, complicity in torture, hardness of heart in divorcing her first husband, the writer Robert Antelme, after his return from Dachau - which she had not already laid, however obliquely, at her own door.



Duras: taboo-breaking

both Marguerite Duras and François Mitterrand survived for decades without facing awkward questions about their wartime activities.

Revelations about Mitterrand's involvement with the Vichy government clouded the end of his life. Yet when a biographer, Frédérique Lebelley, suggested two years ago that Duras had tortured an alleged collaborator, even though she herself had served the Vichy regime, the French press was clamorous in her defence. *Le Monde* set the tone by denouncing Lebelley's book as "comic, revolting, misogynist, a pseudo-biography which breaks the record for the most absurd book ever written about a writer".

In any case, Duras had already admitted her role in the brutal interrogation in *Albert of the Capitols*, a short piece of writing which was published alongside her autobiographical work *La Douleur* in 1985. Or had she? The fragment bears all the hallmarks of Duras's fiction - staccato sentences, vivid descriptions, emotional detachment on the part of the narrator - and the main character is a woman identi-

Television/Christopher Dunkley

Bring on the clowns

This weekend BBC1 offers two sizeable pieces of original work on film. Both are strongly cast and expensively produced. *Trip Trap*, shown at 9.00 this evening, is a drama telling the story of a marriage destroyed by the husband's violence. *Witness Against Hitler*, screened tomorrow at 10.05, tells the true story of a German aristocrat's resistance to Nazism. There is much to be said in favour of each, but they do make you wonder whether today's dramatists are forgetting rules well known to generations of playwrights. Shakespeare recognised the danger of offering a diet of unrelieved gloom and nastiness, hence the

presence of clowns in virtually all his works.

Trip Trap takes its title from the sound made by goats crossing a bridge in the fairy story being read in a seemingly happy family atmosphere. Ian Armstrong, a primary school headmaster, seems disproportionately angry about a neighbour making enquiries for his wife, Kate, but is also admirably affectionate towards his wife, son and daughter. But we

then discover that he habitually attacks Kate violently, not in the throes of fits or drunken rages, but with quiet deliberation. As in so many documented cases, Kate conspires to keep these attacks a secret. The power of the drama lies in such questions as: will the attacks increase, will Kate retaliate, will she find the strength to denounce or leave Ian, and, if she does, will she then manage to stay out of his clutches.

Though it sags slightly in places, Lucy Gannon's plot is powerful, and the decision to cast diametrically against type by getting Kevin Whately (Inspector Morse's long suffering sidekick and the inoffensive star of *Peak Practice*) to play Ian is undeniably effective. It is shocking enough, as broadcasting regulators are

always emphasising, to have violence portrayed in a realistic domestic setting - so much more distressing than the fantasy violence of Hollywood movies. But how much more so to see it perpetrated by someone we have learned to regard as a nice guy. The chief worry is motive or reason. Ian indicates that he is jealous of his sister's higher academic standing; there are no other obvious reasons for his actions. In the end the drama suggests that he is mad, which prompts the question posed repeatedly by Theodore Dalrymple, prison doctor, in *The Spectator*: "Does he attack you when others are present? No? So he's not that mad, is he?"

Trip Trap is tense and exciting but also pretty unpleasant; in some respects it is closer to journalism than to a work of

Royal Festival Hall

9.00pm - 9.30pm

10.00pm - 10.30pm

11.00pm - 11.30pm

12.00pm - 12.30pm

13.00pm - 13.30pm

14.00pm - 14.30pm

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28.00pm - 28.30pm

29.00pm - 29.30pm

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Civilisation gets no easier. The moral complexity of the world we live in is daily brought home by the myriad of choices to be made in areas neither black nor white but dirty grey. Thursday's *Analysis* (Radio 4), subtitled *The Moral Marketplace*, underlined the uncomfortable fact that today moral options must be marketed as compellingly as any other product; and that the short-term and appetising tend to carry the day over the dull and worthy.

The programme's initial vision, thanks to the Chief Rabbi, made 1996 sound like a blend of the Apocalypse, a nightmare by Hieronymus Bosch and rush hour on the northern line. It curiously recalled Shakespeare's *Timon of Athens* at his most piqued; one remembered images of sons of 16 plucking the crutch from their limping sires and beating out their brains, bankrupts holding fast rather than rendering back, and matrons turning sexually incontinent. Sounds pretty accurate to me.

Those trying to make sense of the collapse of moral absolutes and the absence of

authority included Don Cupitt, once considered the last word in laid-back "post-Christian theology", now sounding touchingly like Peter Cook. An Australian moral philosopher who has run for the senate reached a respectable level of fifth-form debate, a step forward for politicians and possibly even Australians. Frank Field was perhaps the most immediately interesting, pointing out that "Britain has been there before". We were moralised, as he put it, only in the early 19th century. It used to be far worse. This is a specious argument. It is ludicrous to take comfort from the fact that, as the programme put it, you were ten times more likely to be killed in Oxford in the 1340s than now.

There is a battle between relativism and absolutists. Does morality depend on circumstances or is there a cut and dried code of good and bad? The man in charge of our

schools curriculum authority advocated two extra Rs: right and wrong. A grim-sounding woman from Holland Park Comprehensive averred that her youngsters had a good idea of right and wrong, but she lost points by advocating a "multi-dimensional moral radar". The Australian politician *manqué* mentioned the Japanese custom of "thinning out" their population by letting some babies die. He was not proposing it, mind you. Someone took a swipe at the permissive sixties. The Chief Rabbi explained how the Jewish tradition operated against homosexuality, the gay Catholic editor of the *American New Republic* explained how his gayness and religion were entirely complementary.

Don Cupitt shows that a leopard never changes his spots by excitedly acclaiming the new moralities: environment, feminism, anti-racism, though omitted to say if these

were based on any philosophy in their turn, and surprisingly left out the Internet. Someone ominously recommended "community agents" to back up the family, still held to be the most important unit in society, however defined. They, and I, came out by the same door as they went in.

From the general to the particular. An engrossing *File on Four* looked at "Flaming Gain Deals", whereby developers contribute facilities and resources to the community in return for planning permission. Potentially pernicious is the secrecy with which the negotiations are carried out, as opposed to planning meetings which should be accessible to the public. The programme cited cases of development pushed through mysteriously, often involving sudden U-turns: the creeping plague of wind-farms in Radnorshire, the Plymouth Sainsburys, Towcester and, most horrifyingly, Oxford, which God knows has suffered enough this century. Reverse those homicide figures. There are some people closer to murder in Oxford today than they were even in the 1340s.

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Sporting Profile

Warming to the real McCoy

Chris Lawson meets a rising 21-year-old jump jockey

Good horses. Good trainers. A good agent. Succinctly put. And 21-year-old A.P. McCoy, listing these three criteria as the cornerstones of his success, is nothing if not succinct. Speech, mannerisms, and, vitally, his riding style, have marked Tony McCoy as a man in a hurry, the brightest young star in jump racing's unstable firmament.

A suitable metaphor, as the rise of this young jockey with the quiet County Antrim accent has been hardly less than meteoric.

In only his second season with a jumping licence, it is hard to believe he holds such a commanding lead in the jockeys' title race, more than 30 winners ahead of nearest rival David Bridgwater and consistently passing the winning post ahead of the established weighing room hierarchy of Dunwoody, Maguire, Williamson, Bradley et al.

The remarkable speed with which McCoy has arrived in the top flight is only paralleled by his lack of experience. When he arrived in England in 1994 he had only ever ridden in one steeplechase.

Apprenticed in Ireland at the flat racing yard of Jim

Bolger, at the age of 16, he adapted quickly. "I had to, I wasn't any good at anything else."

Over the next four years McCoy honed his talent schooling some of Bolger's best: Irish Derby hero St Jovite, Oaks star Jet Ski Lady, and Group One winner Eva Luna. This was an impressionable period. McCoy says: "Jim Bolger has to be one of the great trainers. I learnt a lot with him, had over 60 rides and rode my first winner, Legal Step."

He won five more times on the flat before increasing weight forced the transfer to hurdling. He has never looked back.

Seven victories in Ireland and a rising reputation for possessing a rare racing brain, preceded a move to England at the invitation of trainer Toby Balding.

"I'd gone to Wexford to look at Tony after one of my Irish spotters had told me of a young man I should take serious note of," explains Balding.

"He looked neat and tidy [in the saddle] and rode a particularly good race without actually winning. His lack of experience over bigger obstacles didn't bother me, I knew he'd done well hurdling



Tony McCoy, one of the brightest young stars in jump racing

and had good balance and an excellent eye for a jump."

Balding, one of the most experienced and successful of trainers, says of McCoy: "He possesses a natural racing brain and a rare gift that makes horses run for him. He assesses races extremely well and knows instinctively where to be and when to arrive."

Chickabiddy arrived for his first win on English soil in a handicap hurdle at Exeter in September 1994. It was the start of a habit that has become increasingly hard to break.

At first, headline writers called him "The New Maguire", and then quickly warmed to "The Real McCoy". The publicity which inevitably accompanies rags to riches stories, particularly sporting ones, can have overwhelming

often insidious, side effects.

So far, McCoy has maintained an air of indifference. "I don't pay any attention to the media. My job is to ride horses. Owners, trainers and punters put a lot of money into this game. Riding carries responsibilities because of it. I hate being beaten. Nothing brings you down to earth like getting beat."

The young pretender re-wrote the record books last May when beating Adrian Maguire's 1991/92 conditional jockeys' score (a conditional jockey is the National Hunt equivalent to an apprentice in flat racing) with 74 wins in his first season. Trainers competed for his services, and the astute McCoy enlisted the talents of Dave Roberts, top agent to the top jockeys.

A decision last July to take advantage of the advent of summer jump racing has paid dividends. While most rivals enjoyed a traditional six-week break, in their absence McCoy took an early lead in the jockeys' table, assisted by the emerging West Country trainer Paul Nicholls.

Nicholls, a former jockey now in his fifth year training, shares first claim on McCoy's services with Toby Balding. "When I first appointed Tony as stable jockey there were many who thought it a rather unwise move, particularly as we had a yard full of young 'chasers'."

"But Tony came up, schooled some novices over fences and I must say I was very impressed. There was no faulting either his riding ability or his attitude."

Nicholls is another who is quick to appreciate McCoy's talent for race riding. "He's a professional, has a real will to win, but is the first to admit he could not have done so much so soon without good horses and a good agent."

Should next week's Cheltenham Festival go according to plan, Nicholls will be arming McCoy with ample ammunition for an assault on the Rix Club Trophy, awarded to the most successful jockey over the three days of the meeting.

Call Equiname (Supreme Novices Hurdle) looks particularly promising says McCoy, but Captain Khedive (Arkle 'chase), Punters Overhead (Sun Alliance 'chase) and Itksab (Triumph Hurdle) have all been attracting interest in the

market.

With three months of the season left, and the two most prestigious festivals (Cheltenham and Aintree's Grand National) to come, McCoy's most difficult job may prove to be focusing on the day-to-day grind of riding winners.

Chasing across the country in pursuit of this objective becomes mentally, as well as physically, exhausting, as reigning champion Richard Dunwoody, now in more relaxed non-title chasing mode, has discovered over the last two years.

McCoy remains a strong contender for the jockeys' title, but jump racing is a perilous occupation. The history books are littered with jockeys who would have carried off the National Hunt

title but for injury.

While McCoy may be taking full advantage of injuries to rivals Adrian Maguire and Norman Williamson, both out of the Cheltenham Festival, it only takes one fall, one suspensious or a sustained winning sequence from another jockey for title ambitions to vanish faster than a gap on the inside rail.

Peter Scudamore, the most successful jump jockey of all time, has observed McCoy closely and offers his own salutary warning: "McCoy is an exceptionally good jockey. A great positional rider with an awareness that wins him races on horses that should not have won. What he really needs now is to stay sound. He's got all the talent, he just needs that little bit of luck."

It was one world champion's verdict on another and it reverberated around Australia's air waves. Michael Schumacher, said Alan Jones, the former grand prix driver-turned-commentator, was one hell of a driver but also "an arrogant little bugger".

"Jonesy", a Crocodile Dundee figure who won the Formula One title for Williams some years ago, has got it wrong. Well, half-right.

If arrogance is to be construed as supreme self-confidence and a conviction that a correct path is being followed because he, Schumacher, has weighed the pros and cons and concluded it to be so - then the young German and already two-time world champion is indeed arrogant.

If an essential ingredient of arrogance is considered also to be *hauteur* and an obvious disdain for others, then Schumacher is not.

The word I suggest Jones was looking for, as the grand prix carousel starts to turn again this weekend in Melbourne, is "infuriating".

Away from the circuit Schumacher, looking for his third title aboard net Benetton but Ferrari, is unfailingly and unflappably composed, courteous, even charming in a manner which is almost self-effacing.

He is a ruthless intimidator on the track, but if he has ever seriously allowed his temper to run out of control off it, I know of no one who has seen it.

"There is no point in getting emotional," the slightly built but supremely fit figure says over breakfast before taking the flight to Australia. "It gets you nowhere and it is not professional."

Whether or not he lives up to that statement, that morning, on the professionalism front, the Schumacher armour is impenetrable.

The breakfast is with Ian Dahl and Edward Asprey, chief executive and director respectively of the 200-year-old Bond Street (now Brunel-owned) jewellers. The Schumacher attention is total, though not rapt or sycophantic. Under the approving eye of manager Willi Weber - they have been together since Schumacher's earliest days of karting - you can see him ingesting and storing information as if it were invaluable track data.

You just know that when Asprey's new owner Prince Jefri, Brunel's finance minister, and his entourage pitch up at grands prix later this year, Schumacher will be there recalling what he has heard and giving yet another masterly display of how to keep sponsors happy.

It is the second impressive demonstration of the morning. A few minutes earlier Schumacher had turned up for



Michael Schumacher relaxing after a meeting in London

Grand Prix/John Griffiths

Schumacher's belief

breakfast in jeans and a plain open shirt, not realising there would be an FT photographer.

A quick apology and he hurried away, unprompted, to return looking little different. Then you noticed that his shirt lapel now carried the discreetly stitched name of Dekra, one of his personal sponsors. No, insisted Willi, the shirt-change was not a contractual obligation for when photographers are around - "Michael likes to think about the interests of sponsors."

Such attention to detail seems to come naturally to Schumacher, unlike some drivers - and not all fully appreciate its importance to the corporations which feed the ever-gaping mouth of the F1 money machine.

Schumacher's bank managers must be pleased to see him. His contract for the next two years with Ferrari alone is reputed to be worth more than £25m. Schumacher, who married recently, readily admits he moved to Monaco strictly for tax reasons.

Given the trials and tribula-

tions of Ferrari in recent weeks, it is hard to take at face value Schumacher's claims not to have become emotional about them. The cars were finished two weeks late and in testing have suffered a litany of breakdowns. I would love to have had a tape-recorder in the cockpit at Estoril, I suggest, to monitor the stream of German invective which must have followed the final oil leak which put a stop to testing.

Most drivers, not least Schumacher's fiery Ulster team mate Eddie Irvine, would have felt like hopping out and kicking the cat. Not Schuey. "There is no need of that. We know what the problems are; where we should be in the testing and what is still to be done. They will be sorted; not to win in the first three races, perhaps; but after that, who knows? But I really do not need to become emotional about these things."

The vital question is, will the Schumacher way of doing things rub off on Ferrari sufficiently to help bring it - if not this year then in 1997 - the

world championship which has eluded it for nearly 20 years?

Schumacher insists that 1996 will mark the turning point. "And it is true that Ferrari is an especially great name and I wish to be associated with that turning point."

If it happens, it will also be the result of the efforts, in particular, of Jean Todt, the former Peugeot motor sport boss now with increasingly firm hands on the operational wheel, and the F1 cars' English designer, John Barnard, as well as Luca di Montezemolo, the Ferrari team's managing director. Yet it is to Schumacher that most are looking to spearhead the revival.

Schumacher, coming to Ferrari as indisputably the fastest of the world's present crop of grand prix drivers, cannot lose almost irrespective of what happens to Ferrari - if it fails, he only has to blame the car. He also insists, disingenuously, that, "I am only the driver". But, he goes on to acknowledge, "it is good that they seem to listen to me and are interested in my suggestions".

Those with close contacts inside Maranello, Ferrari headquarters, say that it goes deeper than that and fundamental changes in operating procedures, at Schumacher's behest, are already under way.

So are they indulging in that well-known motor racing practice of "sandbagging", hoping to lull other teams into a false sense of security about Ferrari's true ambitions? No one outside the team really knows. Nor should you believe any of the pundits who say they have an inside track on who will win the world championship this year, for the teams themselves are divided.

Frank Williams, not unnaturally, says he expects Williams, and probably Damon Hill, to win "but the racing's going to be closer this year than for a long time past and Jacques (Villeneuve, the young Canadian IndyCar champion in his first season for Williams) is going to be pushing him hard".

It was a prediction quickly borne out. Villeneuve beat everyone in the first qualifying at Melbourne on Thursday.

Cricket Politics / Canute James

A jaded and arrogant team

To West Indians, cricket is more than a game. It is the soul of national pride. It is politics. On Sundays it is church in the morning and cricket in the afternoon.

The game is played and followed with near-religious zeal which takes victory as a matter of course and which crumbles in defeat.

It is widely accepted that the cricket team is one of the two institutions - the other is the University of the West Indies - which has done more to draw West Indians together than the protracted and frustrated efforts of political leaders to achieve some semblance of economic integration and political union.

The importance of the team to the islands explains the decision of Caribbean prime ministers to intervene in cricket matters. At their summit in Guyana last week, Caribbean Community (Caricom) leaders awoke to watch, with growing disbelief, the humiliation of the former world champions by Kenya's spirited and deserving amateurs.

After weeping over coffee, they appointed a committee of four prime ministers to hold a "summit" with the West Indies Cricket Board.

The prime ministers expressed deep concern about the state of West Indian cricket, and thought it necessary "to take practical steps to return the West Indian Cricket Team to its former place at the pinnacle of international cricket".

No date has been agreed for this meeting but, by the time it takes place, some fundamental changes will have already been made.

Richie Richardson's decision to quit as captain at the end of the World Cup is not surprising, but it has solved one problem for the West Indies Board.

The board met on Tuesday, saying it would select the management and captain for the tour of the Caribbean by New Zealand, which starts later this month (two tests and five one-dayers). But the board said it would announce its choice when the West Indies completed its World Cup matches.

West Indies admirably to a drawn series on a hard tour of India when Richardson was fatigued.

Walsh, 33, a workaholic, and more dynamic than the phlegmatic Richardson, may not have more than three years to contribute to the team. A successful series against New Zealand would guarantee him the captaincy for the more difficult series in Australia at the end of the year.

But the selectors will have no problem when the time comes to choose Walsh's successor. Batsman Brian Lara, expected to be the vice-captain, and who has publicly stated his desire to lead, will by then, it is thought, have worked to change his image: of not being

decided not to play there because of the political situation. Significantly, Short was absent from this week's board meeting when the changes were made.

New captaincy and team management will lift the spirits of West Indian supporters after this week's hard-fought victory over Australia. But these are unlikely to ease longer-term concerns.

Sobered by the Kenyan victory, less emotional heads claim that the West Indies team does not deserve to go much further in the World Cup, even if they defeat South Africa in the quarter finals this weekend.

Such a result could dangerously mask the shortcomings in talent, application and human relations which have undone what, on paper, appears to be a team to match any other in the game. Changes must be decisive and far reaching, claim more radical voices.

Clearly, only Ambrose, Walsh and Lara (and perhaps Richardson, if he continues to play and is relieved of the distractions of captaincy) are the pillars of the team.

In one-day cricket, much more is needed. The Australians are favourites for the World Cup because they have a team which includes eight who can bowl and nine who can bat.

The Caribbean prime ministers, however worried and keen to help, do not appear to offer a cure for these problems. Their best bet is to try to curb the inevitable outbreak of insularity in the region.

A winning West Indies is a focus of regional unity. Parochialism has been growing since the series loss at home to Australia a year ago, the uncertain performance in the drawn series in England last summer, and Kenya's win over a jaded and arrogant team.

New captaincy and team management will lift the spirits of West Indian supporters

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INTERNATIONAL ARTS GUIDE

What's on in the principal cities

AMSTERDAM CONCERT Concertgebouw Tel: 31-20-573057 ... Heine Grimaud: the pianist performs works by J.S. Bach/Busoni, Albeniz and Brahms; 8.15pm; Mar 17

ANTWERP CONCERT Koninklijk Elisabethzaal Tel: 32-3-2024582 ... La Forza del Destino: by Verdi. Concert performance by De Vlaamse Opera with conductor Daniel Lipton

BALTIMORE CONCERT Joseph Meyerhoff Symphony Hall Tel: 1-410-783-8000 ... Baltimore Symphony Orchestra: with conductor Ivan Fischer and pianist Andrés Schiff perform Haydn's Piano Concerto in D major and Brahms' Symphony No.4; 8.15pm; Mar 14, 15, 16

BARCELONA EXHIBITION Fundació Antoni Tàpies Tel: 34-3-4870315 ... Paul Thék. The wonderful world that almost was: exhibition devoted to the work of the American artist Paul Thék (1933-1988). The display includes a selection from his series Technological Ficteliquaries (1964-1967), bronzes from the series The Personal Effects of the Pied Piper (1973-1978) and a broad selection of drawings and paintings produced throughout his career; from Mar 15 to May 19

BERLIN CONCERT Konzerthaus Tel: 49-30-203092100/01 ... Marie-Claire Alain: the organist performs works by Couperin, Balbastre, Franck and Albin; 3.30pm; Mar 15 ... Staatskapelle Berlin: with conductor Daniel Barenboim and the Staatsoperchor perform Beethoven's Christus am Ölberge and Symphony No.5. Soloists include soprano Laura Aikin, tenor Peter Schreier and bass René Pape; 8pm; Mar 12, 13

BOLOGNA DANCE Teatro Comunale di Bologna Tel: 39-51-529993 ... Les Ballets de Monte Carlo: perform the choreographies Dov'è la Luna by Jean-Christophe Maillot to music by Scriabin and Les Sylphides by Michel Fokine to music by Chopin; 8pm; Mar 12

BONN EXHIBITION Kunst und Ausstellungshalle der Bundesrepublik Deutschland Tel: 49-228-9171200 ... By the Light of the Crescent Moon. The Occident and the Turkish Orient: exhibition devoted to the European's views on Turkish culture, from the 15th to the 19th century; to Mar 17

BOSTON CONCERT Boston Symphony Hall Tel: 1-617-266-1492 ... Boston Symphony Orchestra: with conductor André Previn and violinist Malcolm Lowe perform Mozart's Divertimento in F, K139 and Violin Concerto No.5, and Beethoven's String Quartet in C sharp minor, Op.131; 8pm; Mar 14, 15 (1.30pm), 16

BOSTON EXHIBITION Museum of Fine Arts Tel: 1-617-267-9300 ... Art Works: The PaineWebber Collection of Contemporary Masters: this exhibition features the collection assembled at PaineWebber in New York. The works date from the 1950s and represent several key-movements of the last four decades, including



'Kitten' Anonymous (12th century) from the Splendours of Imperial China in New York.

abstract expressionism, pop, minimalism, conceptual art, and neo-expressionism. The display includes works from artists such as Willem DeKooning, Helen Frankenthaler, Kild Smith and Andy Warhol; from Mar 14 to Jun 9

BUDAPEST DANCE Magyar Állami Operaház - Hungarian State Opera House Tel: 36-1-312550 ... Nureyev International Ballet. Competition: second edition of this biennial international competition for young dancers. The prize-giving gala takes place on Mar 17; from Mar 9 to Mar 17

CANBERRA EXHIBITION National Gallery of Australia Tel: 61-6-240-6411 ... JMW Turner. exhibition of about 60 paintings and watercolours by the English landscape painter Joseph Mallord William Turner (1775-1851). The exhibits come from European and American museums and private collections; from Mar 16 to Jun 10

CHICAGO CONCERT Orchestra Hall Tel: 1-312-435-6886 ... Chicago Symphony Orchestra: with conductor Riccardo Chailly perform the overture to Rossini's Guillaume Tell, Janáček's Sinfonietta, and Brahms' Symphony No.4; 8pm; Mar 14, 15, 16 (7.30pm) ... Civic Opera House & Civic Theatre Tel: 1-312-332-2244 ... Das Rheingold; by Wagner. Conducted by Zubin Mehta and performed by the Lyric Opera of Chicago. Soloists include James Morris, Ekkehard Wlaschka, Graham Clark and Marjanna Lipovsek; 7.30pm; Mar 11, 18

CHICAGO EXHIBITION Art Institute of Chicago Tel: 1-312-443-3600 ... Showing in the Kisho Kurokawa Gallery, 'Contemporary British Architects: Recent Projects from the Architecture Section of the Royal Academy Summer Exhibition' presents three years' highlights from the Architecture Room of the Summer Exhibition. Sponsored by the FT, the exhibition contains drawings, models and photographs of buildings designed by Sir Norman Foster, Nicholas Grimshaw and Richard Rogers, as well as work by younger architects. To May 5

COLOGNE CONCERT Kölner Philharmonie Tel: 49-221-2040820 ... Orgel plus Klavier: pianist Pavel Gililov and organist Viktor Lukas perform works by Dupré, Pestels, Gullou and Purvis; 11am; Mar 17 ... Tokyo String Quartet: perform Bartók's String Quartet No.2 in A minor and Beethoven's String Quartet No.13 in B major; 8pm; Mar 13

COPENHAGEN CONCERT Det Kongelige Teater Tel: 45-33 14 10 02 ... Madama Butterfly: by Puccini. Conducted by Paolo Ossi and performed by the Royal Danish Opera. Soloists include Gitta-Maria Sjoberg and César Hernández; 8pm; Mar 10 (8pm), 12, 15, 18

DETROIT CONCERT Detroit Orchestra Hall Tel: 1-313-833-3362 ... Detroit Symphony Orchestra: with conductor Neeme Järvi and conductor Neeme Järvi perform Mozart's Divertimento in F, K139 and Violin Concerto No.5, and Beethoven's String Quartet in C sharp minor, Op.131; 8pm; Mar 14, 15 (1.30pm), 16

DRESDEN OPERA Sächsische Staatsoper Dresden Tel: 49-351-49110 ... Die Meistersinger von Nürnberg; by Wagner. Conducted by Christof Prick and performed by the Sächsische Staatsoper Dresden.

LOS ANGELES EXHIBITION MOCA at the Temporary Contemporary Tel: 1-213-621-6222 ... Hall of Mirrors: Art and Film since 1945: this exhibition focuses on the relationship between cinema and the visual arts from about 1945 to the present. The show tries to demonstrate how art has been under the spell of cinema, how film has been under the influence of art and how the two have fused into new forms of artistic expression. The display includes 160 art objects, 70 films and film excerpts, 15 installations and a film series jointly organised by MOCA and the UCLA Film and Television Archive; from Mar 17 to Jul 28

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GLASGOW CONCERT Glasgow Royal Concert Hall Tel: 44-141-3328683 ... The Royal Scottish National Orchestra: with conductor Walter Weller and soprano Felicity Lott perform Mozart's Symphony No.8 and Symphony No.41 (Jupiter), and Poulenc's La voix humaine; 7.30pm; Mar 16

MAASTRICHT ART & ANTIQUE FAIR MECC Tel: 31-43-383-8383 ... The European Fine Art Fair: more than 160 art dealers from Europe, the US and Hong Kong present highlights of their collection, including old master paintings and drawings, oriental art, silver, jewellery, books, manuscripts and maps, tapestries, and modern and contemporary art. Highlights include two paintings by Van Gogh, portraits by Rembrandt, Rubens and Frans Hals, Rodin's 'Printemps Eternelle' and works by Picasso and Matisse; to Mar 17

MILAN OPERA Teatro alla Scala di Milano Tel: 39-2-720374 ... Fedora: by Giordano. Conducted by Gianandrea Gavazzeni and performed by the Teatro alla Scala. Soloists include José Carreras, Plácido Domingo and Mirella Freni; 8pm; Mar 15, 19

MUNICH CONCERT Philharmonie im Gasteig Tel: 49-89-48098625 ... Symphonieorchester des Bayerischen Rundfunks: with conductor Kurt Sanderling and pianist Mitsuko Uchida perform Beethoven's Piano Concerto No.5 in E flat major and Tchaikovsky's Symphony No.4; 8pm; Mar 14, 16

VIENNA CONCERT Musikverein Tel: 43-1-5058681 ... Anne Sofie von Otter: accompanied by pianist Bengt Forsberg. The mezzo-soprano performs songs by Schubert, Sibelius, R. Schumann and R. Strauss; 7.30pm; Mar 16, 18

NEW YORK CONCERT Avery Fisher Hall Tel: 1-212-875-5030 ... New York Philharmonic: with conductor Mariss Jansons perform Bartók's Music for Strings, Percussion and Celesta, and Brahms' Symphony No.2; 8pm; Mar 14, 15 (11am), 16

WASHINGTON CONCERT Concert Hall Tel: 1-202-487 4600 ... National Symphony Orchestra: with conductor Leonard Slatkin and pianists Katia and Marielle Labèque perform works by Rossini, Berio, Poulenc and Saint-Saëns; 8.30pm; Mar 14, 15, 16, 19 (7pm)

ZURICH CONCERT Tonhalle Tel: 41-1-2063434 ... Tonhalle-Orchester: with conductor David Zinman and cellist Yo-Yo Ma perform works by Wagner, Elger and R. Strauss; 7.30pm; Mar 15

OSLO CONCERT Oslo Konserthus Tel: 47-22-834510 ... Oslo Filharmoniske Orkester: with conductor Gary Bertini and baritone Hakan Hagegard perform Mahler's Symphony No.9 and excerpts from Des Knaben Wunderhorn; 7.30pm; Mar 14, 15

OSLO CONCERT Oslo Konserthus Tel: 47-22-834510 ... Oslo Filharmoniske Orkester: with conductor Gary Bertini and baritone Hakan Hagegard perform Mahler's Symphony No.9 and excerpts from Des Knaben Wunderhorn; 7.30pm; Mar 14, 15

OSLO FILHARMONISKE ORKESTER: with conductor Gary Bertini and baritone Hakan Hagegard perform Mahler's Symphony No.9 and excerpts from Des Knaben Wunderhorn; 7.30pm; Mar 14, 15

PARIS CONCERT Musée du Louvre Tel: 33-1 40 20 50 50 ... Boris Pergamenschilow and Midall Ruck: the cellist and pianist perform works by R. Schumann, Brahms, Shostakovich and Stravinsky; 8pm; Mar 13, 14

PARIS OPERA Théâtre National de l'Opéra - Opéra Garnier Tel: 33-1 42 66 50 22 ... Così fan tutte: by Mozart. Conducted by Jeffrey Tate and performed by the Opéra National de Paris. Soloists include Susan Chilcott, Susan Graham, Rainer Trost and Simon Keenlyside; 7.30pm; Mar 10 (3pm), 13, 15, 21

ROME CONCERT Accademia Nazionale di Santa Cecilia Tel: 39-6-3611064 ... Orchestra dell'Accademia di Santa Cecilia: with conductor Wolfgang Sawallisch perform works by R. Schumann and Hindemith; 5.30pm; Mar 10, 11 (9pm), 12 (7.30pm)

SAN FRANCISCO CONCERT Herbst Theater Tel: 1-415-392-4400 ... Dawn Upshaw: accompanied by pianist Richard Goode. The soprano performs songs by Fauré, Chopin, Harbison, Brahms and Schubert; 7pm; Mar 12

STOCKHOLM CONCERT Konserthuset Tel: 46-8-7860200 ... Filharmonikerna: with conductor Andrew Davis and cellist Truls Mork perform works by Berwald, Sibelius, R. Schumann and Bartók; 7.30pm; Mar 13, 14

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STUTTGART EXHIBITION Städtgalerie Stuttgart Tel: 49-711-2124050 ... Picasso's World of Children: exhibition of 170 paintings, sculptures, prints, drawings and gouaches from public and private collections in Europe and the US, focusing on Picasso's depictions of children throughout his career. The exhibition ranges from individual portraits to family pictures and mythological depictions and genre-like scenes; to Mar 17

WASHINGTONG CONCERT National Symphony Orchestra: with conductor Leonard Slatkin and pianists Katia and Marielle Labèque perform works by Rossini, Berio, Poulenc and Saint-Saëns; 8.30pm; Mar 14, 15, 16, 19 (7pm)

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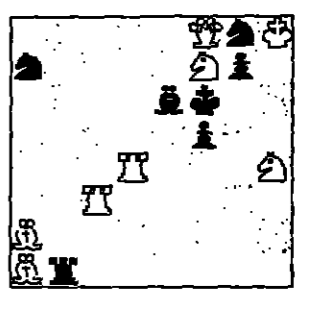
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CHESS

Cambridge beat Oxford 5-3 last week in the annual varsity match sponsored by City solicitors Watson, Farley & Williams at the Royal Automobile Club, London. Cambridge also took the lead in the series begun in 1873, by 49 matches to 48 with 17 drawn.

This close overall score disguises a trend where victories often occur in sequences. Cambridge won a record 11 in a row in the 1970s, aided by an unofficial chess scholarship at Trinity and by some talented mathematicians. Oxford won eight successive matches in the 80s, and both universities produced a stream of grandmasters and British champions.



White mates in two moves, against any defence (by J van Gool). Solution, Page 11

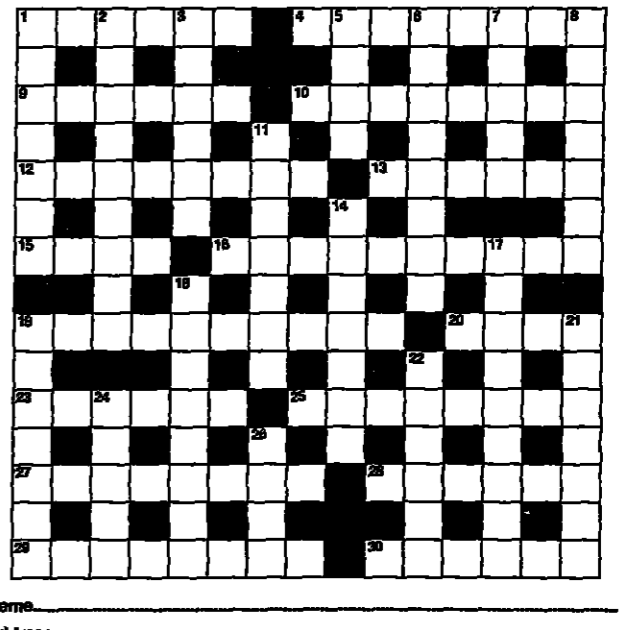
BRIDGE

A hand from rubber bridge: N ♠ A 7 5, ♣ K Q 10 5, ♥ A J 10, ♦ Q 10 6. W ♠ J 9 6 2, ♣ K 10 8 4 3, ♥ 2, ♦ 7 6 4. E ♠ A J 7 4, ♣ 8 5 3, ♥ 8 3 2, ♦ K 5.

North dealt and began the bidding with one no-trump. South bid three hearts and North rebid four diamonds. This cuebid accepted hearts as trumps and showed the diamond control. South now introduced a Blackwood four no-trumps and after North showed two aces, bid six hearts to conclude the auction.

CROSSWORD

No. 9,014 Set by DANTE. A prize of a classic Pelikan Sovereign 800 fountain pen for the first correct solution opened and five runner-up prizes of £5 Pelikan vouchers. Solutions by Wednesday March 20, marked Crossword 9,014 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 8JL. Solution on Saturday March 23. Please allow 28 days for delivery of prizes.



ACROSS: 1 Within themselves an intriguing lot (6), 4 Holds a candle to matches (8), 9 Poor soul, that is the label for a girl (6), 10 Racket involving VIP? (3,5), 12 Obvious method of speeding traffic (8), 13 Way a New Zealand article portrays verse (8), 15 Vehicle turns to leave (4), 18 Just inclined to like blondes (4-8), 19 I agree coo is incorporated in order (10), 20 Hear athlete is puffed (4), 23 Somehow my 'rise doesn't bring happiness (8), 25 Side to side movement in soccer (8), 27 Light entertainment to repeat all over the place (8), 28 She inclines me later alla (6), 29 Protected or projected (8), 30 Enemy Zulu-leader going round causing ferment (6). DOWN: 1 Financially irresponsible and unattended act put out (7), 2 In high spirits, using once-generated form of humor (6), 3 Glow of reform in Ulster (6), 5 Party rising in power in old Scandinavia (4), 6 Play opal possibly worn behind the ears (8), 7 Rule that holds George initially in check (5), 8 He serves on board ship (7), 11 Ghostly appearance of horse without carriage (7), 14 Removal time guaranteed (7), 17 In a sad way - entirely on unemployment benefit (9), 18 In time a possible giver of pain (8), 19 Westminster house's public lands (7), 21 Serving up uncooked food results in hostility (7), 22 It marks the time when the sun is out (6), 24 Cut and share out (6), 26 A way the old can show complaint (6).

Word search puzzle grid with words hidden horizontally, vertically, and diagonally.

WINNERS 9,002: R. Stephens, Bishopstoke, Hampshire; Mrs J.M. Bailey, Norwich; R.B. Finch, Blackburn; Lancs; Dr J.E. Gibbs, Titchfield, Hampshire; R. Hunt, Rainford, Lancs; Mrs J. Rudge, Belfast.



James Morgan

American-speak, the global language

Films 'Made in England' have their titles changed for Europe because they are too hard. Hollywood movies make it easy

Sometimes it is hard to recognise friends abroad. They take on new, foreign airs and dress differently. Thus *Sense and Sensibility* is ordinary enough under grey English skies but is transformed on crossing the Channel. In Germany it becomes *Sinn und Sinnlichkeit* which is fine, but it means Sense and Sensuality.

I had read a couple of hundred words in *Le Monde* about the star and scriptwriter of the film version, Emma Thompson, before it struck me what *Raison et sentiments* meant. It had the look of another fine title, possibly a work of Vol-

taire. The Italians follow the French model obediently and choose *Ragione e sentimento*, which is perfect for an Italian film. Only Spanish kept to the original with *Sentido y sensibilidad*.

European cultures struggle, and often fall, to absorb the multi-layered concepts born in other societies at other times. *Much Ado About Nothing* loses its soul when rendered as *Beaucoup de bruit autour de rien*. On the other hand, the famous line in one tongue can become the perfect cliché in another: Prague is littered with posters which read *Byt ci neboj* or "To be or not to be". This shows

sympathy with those who are wondering if they really should procure the best mail-order catalogue.

But why did *Sense and Sensibility* have to be translated when so many film titles are not? *Highlander* and *Braveheart* are supposedly set in a British time and space but remain with the original titles on posters and placards. The answer is that translated titles, words and phrases are British. The American titles are usually left in the original. When this is not so, they have no resonance in their new language.

American is the global lingua franca and everybody expects to

understand it. Even the English. We all know what life-vests and bullet-proof vests are, and our television programmes routinely translate familiar objects into American.

So we hear of "licence plates" on getaway cars and guns being stowed in their "trunks". In recent days a cricketer has been described as a "pinch hitter", and the term "pointman" has invaded the vocabulary of sports journalists who are as ignorant as I about the meaning of such words.

It is the universality of American culture that means we understand it even when we don't know what it means. American culture can be

absorbed into, say, France as easily as a Frenchman can become an American by donning a baseball cap at a ballgame. (But Americans, as Ronald Reagan pointed out, can never be accepted as French.)

England contains what is still a separate civilisation which others struggle to understand in their own terms. American is as universal as Latin was in Christendom. A 21st century Martin Luther, wearing a T-shirt inscribed in German, might one day spray graffiti on the gates of Deutsches-Disneyland at Wittenberg in some desperate gesture of cultural defiance.

Sense and Sensibility is translated because it is English in style

and conception, even though it was "made in America" by a Taiwanese director. A film-like *Braveheart*, lacking any fundamental sense of time and place, has no complex cultural overtones and so remains untranslated across Europe.

A new book called *The American Exceptionalism* shows how different the US is to everywhere else. Everything about it, the place of the Bible, the love of guns, is different. In spite of that, we all accept it as the home of the universal culture. Or maybe because of that.

■ James Morgan is economics correspondent of the BBC World Service.

Private View

Exposed: the camera-shy photographer

Christian Tyler meets reclusive Cartier-Bresson, who prefers drawing and chooses to go unnoticed in order to see better

Candles flickered on the altar. A door banged in the distance. A nun in black veil and white habit came gliding out of a recess to fiddle with the microphone.

There were few customers gathered for the evening service in Notre Dame des Victoires, a basilica tucked behind the Banque de France. Glancing once more at my watch I wondered whether this surreal rendezvous would really take place.

Then a jaunty voice spoke in my ear, in English: "Are you here to pray?"

Henri Cartier-Bresson, the most famous photographer of the century, was a minute early.

Like most people, I had never seen a photograph of Cartier-Bresson. So his appearance came as a shock. The man who cultivates anonymity with a passion that borders on the obsessive, turned out to be anything but anonymous. Tall, cheerful-looking and fresh-faced, he was sportily dressed in a waxed jacket, with a blue cravat round his neck and what looked like a shooting stick in one hand.

Chatting agreeably, he led me out of the church into the streets of Paris, down a side turning and into the restored neo-classical building where he keeps his garret studio.

"It's a little late for tea," he said, disappearing into a kitchenette. I looked round the room and could not see a single one of his photographs on display. There were two small couches on either wall where the models lie for his chaste drawings of the nude.

If Cartier-Bresson picks up a camera these days it is only to take pictures of friends. Drawing is his *métier*, and has been for nearly a quarter of a century - not only nudes, but portraits, landscapes, cityscapes, still lifes and old bones.

Until disabused by his friend and fellow photographer, Lord Snowdon, I had thought that Cartier-Bresson had long since been pushing up the daisies. This thought, however, I kept to myself.

My reluctant subject and attentive host emerged with two glasses and a bottle of malt whisky whose label reassuringly declared "cette en Escosse".

After some skirmishing with chairs, we settled either side of a little round table and I asked Cartier-Bresson to spell out *la*

rigle du jeu (the title of a 1939 Jean Renoir film he helped shoot).

This was to be a conversation, he said, not an interview. The newspaper could use the photograph of him taken by his wife Martine Franck that he had selected from the archives of the Magnum agency (of which he is a founder). Yes, I could use a tape-recorder but I must destroy the tape afterwards.

With the whisky at one's elbow, these precautions began to seem more amusing than vexing, and I reminded myself that, after all, the Surrealist movement had been a great influence on the young Cartier-Bresson.

Why do you give so few interviews, I asked?

"Because it's a police system. Really. Because the journalist puts the question and even if he is not trying to be nasty in any way he doesn't disclose himself."

It's all one way?

"One way. Just like a police interrogation."

Or like a photographer.

"Huh?"

Or like a photographer, I repeated.

He laughed. "Got it!" He stabbed his chest as if to say *touche*.

A photographer can shoot and run, I said.

"Yes, but we do it to give. You also. We steal to give. But I like conversation very much, the exchange of views..."

Cartier-Bresson trained as a painter but made his name as a photographer in the 1930s. He continued to think of himself as a painter after escaping from a German prison camp during the second world war. He does so still.

"I've trained myself all my life to be unnoticed, in order to see better," he said. To be a celebrity was a cumbersome business: embarrassing, meaningless and dangerous. He described himself as a libertarian and ethical anarchist, words which did not convey in England what they do in France or Spain.

"To be known as a photographer is a sort of power, and I don't want it. I don't deserve it. No."

But you must be proud of your work?

"I'm not at all. We're talking about drawing. Photography for me is instant drawing. I adore to shoot photographs. It's like being a hunter. But some hunters are vegetarian -



Henri Cartier-Bresson: "To be known as a photographer is a sort of power, and I don't want it. I don't deserve it"

Martine Franck

which is my relation with photography."

Wedded to the little Leica, he will not touch the automatic camera. "It's like shooting partridges with a machine-gun," he said.

Why won't you be photographed yourself?

"All my life I have tried to be unnoticed, to be able to concentrate. And then the media come after you, you have to make a speech, you have no time to think. We're not lawyers, we're not actors. We have to remain close to the ground."

Could this be a kind of pride, or vanity?

"It is a normal thing. It's a basic attitude to life."

Later he said: "Concentration is the secret. I have no gifts, neither in photography nor in drawing. I am not a gifted person."

Why can't you accept that you have a gift?

"Every human being is potentially an artist."

Cartier-Bresson refilled the glasses. "Cheers!"

Anonymous and ascetic he may be in pursuit of his craft, but Cartier-Bresson can be vol-

atile and declamatory in conversation. He describes himself as impulsive and intuitive, denounces Aristotle and Descartes and relishes something he recently read in *Le Monde* by a neuroscientist to the effect that emotion is the basis of reason.

He also has a mischievous humour. "Do you mind if I speak about money?" he said suddenly, cutting short the interrogation. "I'd like to know what you think of the relation between art and money."

I made one of those on-the-one-hand, on-the-other replies. He looked unimpressed. What about you, I said.

"Let's not talk about me, please. It's not interesting. I can go to confession if you wish." He paused. "But let's be honest. Some collections have been made by bankers, popes, or very wealthy people, others by people with little means and great passion. They had a community of taste with the artist but I don't think the artist ever thought about the money."

Though he rails against the modern art market's dominance, Cartier-Bresson is not naive about money. He still

earns an income from the Magnum agency sufficient to indulge his second career as a draughtsman.

Later this month, for the first time, some of his drawings will go on sale for £2,000 to £4,000 at the Mayfair gallery of Berggruen & Zevi. Meanwhile, an exhibition of his drawings, photographs and film-making has just opened at the Minneapolis Institute of Arts.

Cartier-Bresson likes to say he does not care about photography. What he means is that he does not treat photography as an art, but as a "tool" for observing, like drawing.

What about the critics?

"Critics are important. But I rely on my friends to tell me when things are good and when they are bad - and why." One told him he has done heaps of bad drawings, and some very good ones. "It's not really my problem. I'm not a curator of my work. My business is to keep alive."

Is drawing art?

"What is art in the end?" He rolled his eyes in mock resignation. "What is art? It's not my problem. Mine is to try and

understand and feel." But he went on to denounce Conceptual art as a "loathsome" mannerism, a tricky substitute for sensibility.

I said: You are 87, I think.

There was a pregnant pause.

"You'll have to ask the police. I don't count."

Have you achieved some kind of synthesis for yourself?

"For me it is only the instant that counts - and eternity. We are part of a perpetual transformation. I am living as fully as I can."

Are you still trying to find things out when you draw?

"It's a meditation, a meditation."

The word was appropriate; Cartier-Bresson has for years

been a devotee of Buddhism. I asked him to name the happiest days of his life.

"Next week, when Martine was in Nepal taking pictures of Buddhist temples. She is his second wife; his first was Ratna Mohini, a Javanese dancer, to whom he was married for 30 years.

When I asked him if he would like immortality for his work, he reacted with the same show of offence. "Pleased Don't insult me! It's a very unpleasant question. Who do you think I am? A dealer?"

But as an artist?

"I'm not an artist. I'm a human being trying to express himself."

Do you wish no kind of immortality for yourself?

"If one puts that question one is doomed. It's an arrogance. It's absolutely contrary to the act of living, of fulfilling yourself."

"The Ego is a monstrous thing. And you've been pushing me into the Ego all the time. Remember we are part of the thing we observe. Rimbaud put it well."

Are you afraid of becoming a monument, an institution?

"I'm not afraid, I want to preserve my liberty, everyone's freedom. Within my strict frame of reference I want to be a free person and to die free. You're not going to get me into your clutches with your little machine." He indicated the hated tape-recorder. "I've been an escaped prisoner and I'm going to escape again in front of you."

But Cartier-Bresson made no attempt to escape; he was being shamelessly rhetorical now. Instead, he smiled benignly and stood up to fetch a catalogue of his drawings. Carefully, in a large hand, he inscribed it: *A mon reverend-père confesseur* and signed it - *En rit Co-Bré*.

Peter Aspden

Continental lessons in love



In matters of the heart, the thing that is supposed to distinguish the British from all those continental cads is an innate sense of fair play and dignity. True, they might be a little reserved, understated, in need of a little time to warm up. True also, that you might not get the unbridled sensuality of a Latin love affair at its peak. But you do get comfort, constancy, solidity. They may seem like ideal qualities for a saloon car or a pet dalmatian, but they are not virtues to be scorned.

So popular myth has it. It is nonsense, of course. The language of love is indivisible. Only if you appreciate its wilful caprices are you able to react with due decorum in the event of a setback. With passion comes understanding. If there is no burning emotion there to start with, what chance is there of behaving honourably?

Here are two highly honourable reactions from those apparently scheming Europeans: first, from Danielle Mitter-

rand, widow of François, asked to comment in *L'Express* on the former president's long relationship with another woman: "A person is capable of loving someone passionately and then, as the years go by, of loving differently, perhaps even more profoundly, and then one can fall in love with someone else. The greatest hypocrisy is to want to pass judgment on that."

Then there is Adna Pavarotti, married for 30 years to Luciano, who has fallen in love with his 26-year-old PA, Nicoletta Mantovani. What did Adna think of the affair? "When the sunset comes, the sense of limitation and loneliness which hits successful people especially, has to be supported by old, well-rooted, tested relationships."

The thing to be admired in both these cases is the measured, diplomatic tone adopted by the wounded parties. No plates are smashed, no knives drawn, no rancour, no hostilities. Love is just a thing that happens, and then sometimes stops happening. It is life.

Compare this sage acceptance with happenings in the Royal House of Windsor, unravelling with comic aban-

don in a sector of hyper-space between Kensington and Epsom.

First, the Princess of Wales announces unilaterally that she has agreed to a divorce. Nothing wrong with that, save that she chooses to make her announcement on the same day that John Major is meeting John Bruton to discuss the faltering Northern Ireland peace process. Even for a Queen of Hearts, it is not what you would call a cerebral response. One might have hoped that she would allow the nation to get on with its important business undisturbed; but Diana knows her public. Most of the media, including, scandalously, the BBC *Mine O'Clock News*, chose to lead with her announcement. No wonder Major and Bruton looked grey with worry. Did anyone care what they said?

No matter. Divorce it is. Can we have some restraint now? Like hell. Now we get the childish legal wrangles, cunningly disguised as burning constitutional issues. What do we call her? How much does she get? Where does she live? Can you still get a quickie in Haiti? A Shadowy Welshman suggests

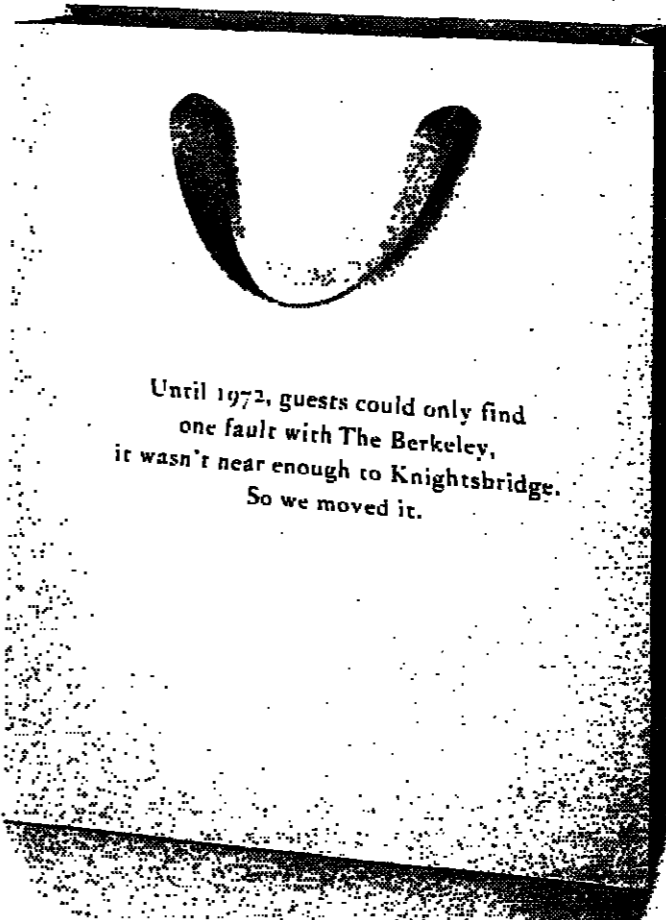
that the Big C is a shade short of the Right Stuff to reign over us. But the merciless forces of the Establishment, aka the Labour party, slam-dunk his words down his throat.

The tabloids are in full swing; and so is James Hewitt, part of that love triangle, or is it a trapezium, hanging semi-naked from a beam in a ski resort on the front page of the Daily Mirror, with a specially drawn rat covering his private parts. Meanwhile, the Mirror's rival, The Sun, asks the radical question: the Labour party dares not consider: is Charles fit to be a king? No, say its readers in a phone poll, by four votes to one.

The poor old peace process? What chance does it have in the nation's collective consciousness, awash as it is with the increasingly surreal instalments of the Windsor break-up? It is inevitable, I suppose. We should be getting used to it.

But that Britain's future king and his wife should have to take lessons in dignified behaviour from the worlds of French politics and Italian opera; ouch, that hurts.

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Until 1972, guests could only find one fault with The Berkeley, it wasn't near enough to Knightsbridge. So we moved it.

WEEKEND INVESTOR

Last week's preliminary results

Table with columns: Company, Sector, Date, Profit (£000), Earnings per share (p), Dividend per share (p). Lists various companies like BT, Anglo American, etc.

Results due next week

Table with columns: Company, Sector, Announcement Date, Last year's result, Dividend (p), This year's interim. Lists companies like Anglo American, Asahi, etc.

Last week's earnings results

Table with columns: Company, Sector, Date, Profit (£000), Earnings per share (p), Dividend per share (p). Lists companies like Anglo American, Asahi, etc.

Directors' share transactions in their own companies

Table with columns: Director, Company, Sector, Shares, Value (£000), % of Shares. Lists transactions for directors like Sir John Gollan, etc.

Bids

Privatised utilities became the focus of takeover fever once again this week when Wessex Water announced on Wednesday that it was planning to bid for neighbouring South West Water, writes Geoff Dyer. If successful, the bid would be the first consolidation among the big 10 water and waste companies, which were privatised in 1989.

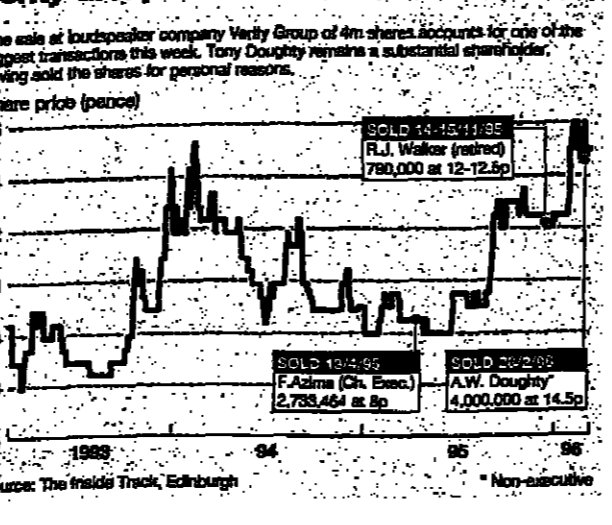
Current takeover bids and mergers

Table with columns: Company, Bidder, Bid Type, Bid Amount, Status. Lists bids for companies like BT, Anglo American, etc.

Rights issues

Fairway Group is to raise £5m via a 1-5 rights issue of 6.85m shares at 80p. Guinness Peat Group is to raise £15.3m via a 1-10 rights issue at 30p.

Verity Group



In the Pink How studying history can produce Warren Buffetts John Train casts an eye over stock-picking strategies - and finds that a number of them correspond to common sense

John Train is chairman of Montrose Advisers, Investment counsel in New York City. I have always sympathised with the business school students of Benjamin Graham, the great investment theorist. He made them do 50-year paybacks - often by hand - of the various techniques he was curious about at the time.

One of those students was Warren Buffett, now said to be America's wealthiest businessman, and a number of others became investment professionals of only slightly less eminence. Ours is no occupation for someone afraid of hard intellectual graft.

Any way, a contemporary investment student and practitioner, Jim O'Shaughnessy, gained access recently to Standard & Poor's enormous database, which contains information on thousands of common stocks.

Most are what you would expect, particularly that a sure way to do badly is to buy the stocks that are most popular at the moment. 'Popularity' can be measured in several different ways, notably the ratio of market price to company earnings, to book value and to sales.

The most dangerous single heresy among these bad variations is paying a very high ratio of market value to revenues - the price/sales ratio. That practice would have led you down to a paltry 4.5 per

cent a year, compared with 10.66 per cent for the S&P 500 or 12.45 per cent for a broader list of 2,800 stocks. (In everything that follows, it is assumed that the holdings are restocked at the end of each year.)

Buying the highest price/earnings (P/E) ratio and highest price/book value ratio stocks earns you only 8.43 per cent and 7.47 per cent a year respectively.

One popular conception - a sure way to do badly is to buy the stocks that are most popular. 'Popularity' can be measured in several ways, notably the ratio of market price to company earnings, to book value and to sales.

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Advertisement for FT Survey. Features a globe and the text: 'Travel the Asia-Pacific business world by mouse'. Lists countries like Asia-Pacific, Australia, China, etc.

ORDER FORM section with fields for Name, Address, Telephone, Date, and checkboxes for various options like 'I enclose a UK cheque'.

Weekend Investor

Wall Street

Is downsizing now a dirty word?

Maggie Urry wonders if the bond market is to repeat its 1994 performance

There is a depressingly familiar look to the US bond market. While the stock market has continued to set new highs, falling bond prices have pushed up yields significantly this year.

The yield on the 30-year Treasury "long" bond, which serves as a benchmark for the market, has risen from under 6 per cent at the start of the year, to nearly 6.7 per cent yesterday. And this in spite of two cuts in official interest rates recently, one in December, another in January.

The big question is whether the bond market is about to repeat its performance of 1994. And, as a supplementary, why is the stock market more concerned by the rise in long-term yields?

The worst year for the bond market in recent memory was 1994. Those who lived through it still shudder at the losses sustained. Already, as the chart shows, the yield on the long bond is tracking the rise in the early part of 1994. If it carries on like this, 1996 would be another nasty year.

But there is a big difference between the economic background then and now. Stephen Roach, chief economist at Morgan Stanley, is no bull of the bond market, but he does not expect a re-run of 1994 either.

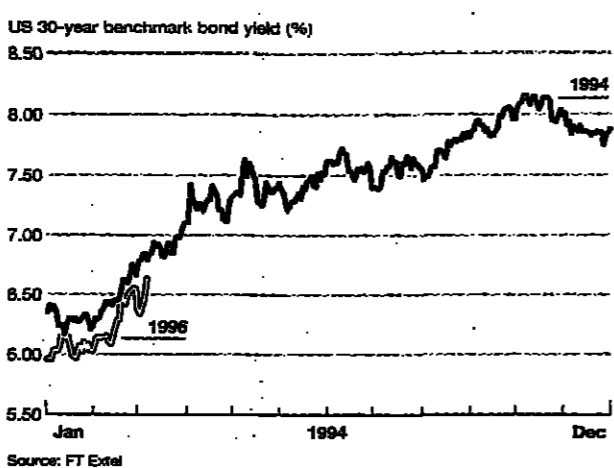
He points out that at the start of 1994 the official short term interest rate was 3 per cent. Compared with inflation of around the same amount, real interest rates were remarkably low, meaning that monetary policy was loose. The bond market crash was prompted by a rise in official interest rates as the Federal Reserve decided it had to tighten policy to prevent inflationary growth.

Now, the Fed's target interest rate is 5 1/2 per cent, well above the inflation rate still a little under 3 per cent. Roach argues that the monetary stance now is fairly neutral.

At present inflation is benign, and the economy looked to be growing only modestly - at least until yesterday, of which more in a moment.

What has pushed yields up in recent weeks has been changing perceptions of the outlook for interest rates. Not so long ago, the market was assuming the Fed would cut rates sharply - perhaps to 4 per cent - over the next few months, beginning at the Fed's meeting later this month.

1996 - a re-run of 1994?



However, recent economic statistics have been giving the market mixed signals.

Yesterday the markets suffered a real shock when the employment figures showed a sudden surge in new jobs. The bond market had been nervous about the number all week. Estimates varied widely, between a rise of around 200,000 to 300,000. But no one was prepared for the jump of 705,000 in job numbers, and the bond market reeled.

Such a leap in employment suggests the economy is much stronger than had been thought. And since the bond market equates faster economic growth with a rise in inflation, there was a sudden fear that interest rates would not fall any further from here. As Bruce Holmquist, director of fixed income management at Riggs Investment Management, says, the Fed has moved from a "need to ease" stance - when cuts in interest rates were thought necessary to stimulate a slowing economy - to a "room to ease" position, with the Fed wondering if there is scope to cut given the growth and inflation outlook.

Yesterday there was a suggestion that the next move in official interest rates might be up, not down. If that happened, then the pattern of 1994 might be seen again.

So to the second question. Why does the stock market keep going up? Even yesterday share prices quickly recovered from a sharp fall at the opening. Roach regards the equity market's rise in the face of higher bond yields as "scary". Money is pouring into shares. In January and February this year, investors put

\$50bn into equity mutual funds.

Roach's theory is that there is a fundamental shift taking place in America which is affecting politics, economics, companies, and the man in the street. That shift is from capital to pro-labour.

It is one of the paradoxes of America that such a shift should be taking place just as the Republican party is in the ascendancy.

If Roach is right, then the emphasis of economic policy will shift from keeping a tight control on inflation to job creation and wage increases. That would be bad news for bonds and equities.

This shift may even be affecting corporate behaviour. The stock market has been applauding companies which made substantial lay-offs and announced large restructuring costs. These supposedly "one-off" charges led to higher future earnings, and were therefore considered a Good Thing.

But this week IBM, the computer company, said it would no longer call such write-downs one-time charges. Instead it would regard such costs as a normal part of its business.

Downsizing has suddenly become a dirty word in America. It is no longer acceptable for companies to rejoice in cutting jobs. And that could be bad news for corporate profits.

Dow Jones Ind Average

Monday	5800.15 + 63.59
Tuesday	5642.42 + 42.27
Wednesday	5625.77 - 12.65
Thursday	5641.89 + 11.92
Friday	

London

Make the most of the rate cuts

The latest could be the last, says Philip Coggan

Some people just have no gratitude. The chancellor's present to the stock market yesterday - in the form of a quarter-point cut in base rates, to 6 per cent - appeared to get a raspberry from investors. The FT-SE 100 index fell 47.9 points on the day.

The reduction had been widely expected, so the market could be forgiven for not rising. But the real reason for the plunge was the turbulence on Wall Street.

Reductions in US interest rates have played an important part in fuelling the recent international bull market in shares which has carried the Footsie to all-time highs. So any suggestion that economic strength might stop the Fed from cutting rates further, or even lead it to raise them, is seen as bad news for investors.

There might also be a sense that the UK rate cut could be the last in the present phase. The short sterling future, the

market's vehicle for speculating on interest rates, is signalling that the cut will be more than reversed by December.

The market might also be indicating that it takes a more robust view of the UK economy than many experts. While Footsie has struggled and failed to top its all-time closing high, the Mid-250 index has repeatedly scaled new peaks; and the FT-SE Small Companies index has outperformed the FT-SE 100 by 4.5 per cent so far this year.

Small companies are more exposed to the UK economy than Footsie constituents, which often have international interests, so the shift suggests investors are expecting a consumer-led rebound. If that does happen, the chancellor would have less justification for cutting rates again.

The fact that yesterday's problems began in the US bond market is also significant. The graph, provided by Ian Scott of Lehman Brothers, shows the volatility of equities relative to

bonds (for statistical enthusiasts, this is measured by dividing the standard deviation of monthly equity returns by the standard deviation of bond returns, using a three-year rolling average).

As one would expect, the normal pattern is for shares to be more volatile than bonds. But, over the past three years, the situation has been reversed.

According to Scott: "On four occasions, we have seen equity volatility approach that of bonds: 1964, 1979, 1984 and 1987. In three out of the four cases, this proved to be a prelude to a sharp correction in the equity market of between 10 and 20 per cent."

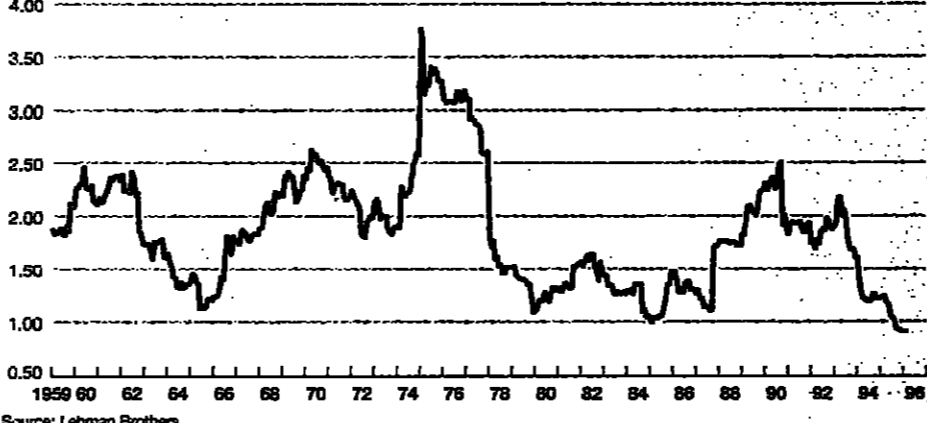
Nevertheless, there are still plenty of bulls out there. One analyst who remains optimistic, despite yesterday's falls, is Ian Earmet of Société Générale Straus Turnbull Securities. He is expecting Footsie to reach 4,150 to 4,250 by the middle of the year. Harnett says loose monetary



The chancellor's gift to the market did not prevent its plunge

Bonds get more volatile than shares

Ratio of monthly return standard deviations (3-year rolling average)



Highlights of the week

	Price	Change	52 week	52 week	
	Y'day	on week	High	Low	
FT-SE 100 Index	3710.3	-42.4	3781.3	3011.8	Wall Street shakeout
FT-SE Mid 250 Index	4282.7	+16.3	4280.0	3315.6	Interest rate cut
Alders	202	+20	244	162	Takeover talk
Arney	168	+50	168	117	Rail management deal
BAA	594	+13	546	419 1/2	Broker "buy" notes
British Biotech	2280	+237	2358	469	Cancer drug trials expanded
Cadbury Schweppes	519	-36	567	428	Disappointing figures
Costain	91	+17	150	67	Speculative interest
FirstBus	169	+15	178	131	Acquisitions valued at £52m
GKN	893	+47	898	587	Bumper results
More O'Farrell	582	+54	585	347	Well-received figures
Raine	19	+5	33	13	Housebuilding recovery
Sieba	833	+20	886	521	Sector re-rating
South West Water	616	+118	617	460	Bid plans by Wessex Water
Zeneca	1370	+103	1408	840	Takeover hopes

policy worldwide "will result in lower interest rates which will boost global liquidity and help to keep international markets buoyant in the UK, the political imperative will ensure that monetary policy will be eased further, with base rates falling to 5.75 per cent".

He adds: "GDP growth will accelerate to 3.1 per cent in 1997, after 2.5 per cent in 1996, helping earnings and dividends to grow by 10 per cent this year. Low interest rates will also encourage a bumper year for mergers and acquisitions activity, with a further £20bn of deals."

But bulls may have to adjust their stock-picking tactics. Value investing is one of the most celebrated and successful strategies for beating the market. At various times, investors have produced great results by picking the shares with the highest yield, lowest price-to-asset value or whatever.

Things may be changing. Research produced by ABN-Amro Hoare Govett this week showed that techniques such as the O'Higgins method (based on the highest yielding stocks in the FT-30) underperformed in 1995.

Hoare Govett points out that in Germany, in contrast to the UK, a value-based strategy has not historically outperformed a basket of stocks selected on the basis of growth (in dividends, earnings, assets and so on).

The importance of value in the UK could be due to the country's economic instability; the boom-bust cycle means that investors have to pay more attention to interest rates and valuation measures than they do to earnings growth rates.

In a low inflation, stable growth climate (as Germany has experienced), playing the cycle will be less important, and companies which can increase their earnings at a faster rate than average will be much sought after.

Interestingly, the research came out in a week when the market reacted sharply to results from two growth stocks in the pharmaceuticals sector, Glaxo-Wellcome and Zeneca. Glaxo faces the problem of replacing two of its great successes, Zantac and Zovirax, as their patents expire.

As growth slows, the market reduces the rating it applies to Glaxo shares; the historic price-earnings ratio has fallen from over 30 early in 1992 to less than 19.

While the figures from Glaxo this week were roughly in line with forecasts, a combination of disappointments - on pre-revenue sales growth and the reser-

vice on cost-cutting - kept the shares by nearly 5 p to be on Wednesday and more free per cent on Thursday. The introduction of a new drug, Zentac, showed a limited increase in operating profit. The market was a little more bullish on Thursday, but the shares were again in front.

The real reason for the share price rise was a combination of a nominal 7.5 per cent increase in operating profit, which was shares on Thursday. Theoretical speculation after the market opened to fetch a few pence more for the shares. Whether interest rates are reverting, the market has time for a touch story.



Barry Riley

The real strengths of the City

Does it need interference from outside? Very probably not

The City of London earns something approaching £20bn net. It is certainly a national economic asset that deserves to be nurtured and encouraged. True, you cannot calculate the sums properly without allowing something for the losses incurred by the rest of the UK economy from the draining of human talent and other resources to the Square Mile. But the City is, nevertheless, a unique economic asset in the European time zone, and it is remarkable globally for being a financial centre which has grown out of proportion to its modest industrial and commercial hinterland.

Perhaps the British government has a sense of guilt about how its anti-single currency policies (on the negative side of euro-neutral, anyway) are threatening the international financial centre that nestles within the UK. At any rate, last year the Treasury launched a City Promotion Panel to market the UK's financial services industry internationally.

The initiative has not, however, gone down well. Michael Cassidy, of the Corporation of London, has complained that the panel does not include representation from several of the City's important constituent interests. And there are obvious questions about the role of British

Invisibles, the curiously named promotional body set up 30 years ago with the backing of the Treasury and the Bank of England.

Does being left out of the single currency threaten the City's role? The European Central Bank will be based in Frankfurt and London might, as a result, be disadvantaged for some types of Euro-denominated transactions. The effect on its global business could be slight, however.

You can argue that London gains quite strongly by being distanced from the culturally more inhibited continental financial centres. One of the City's recent triumphs, after all, has been the success of Life, the financial futures exchange, in winning the lion's share of the business in German government bond futures against competition from Frankfurt's DTB.

A report this week by the London Investment Banking Association discussed the possibility that, if the UK did not take part in economic and monetary union, Emu countries might take measures to make life difficult for institutions dealing in single currency business outside the Emu area. It concluded that a serious threat would arise only if a continental financial centre were to accumulate a critical mass of institutions sufficient to challenge the City.

But talk of institutions can be distracting. It is the City's labour force that is the true secret of its success: the hundreds of thousands of staff who represent a collective resource that Frankfurt, Amsterdam, Paris or Zurich cannot match.

Because they can be hired easily, it is possible for

It is the City's labour force that is the true secret of its success

overseas firms to flock to London; because the labour market regulations are lax by continental standards, international financial services companies can be more successful.

It remains true that certain of the City's major institutions are in some disarray. In parliament during the past week or two, the Treasury select committee has been hearing evidence about the recent troubles of the stock exchange, culminating in the sudden exit of chief executive Michael Lawrence. Baffled MPs have been listening to arcane arguments about the virtues of order-driven, rather than quote-driven, trading.

Another venerable pillar of the City, the insurance market Lloyd's, has been in even deeper trouble. Yesterday, it unveiled its attempt to make a final settlement with its Names, the private investors who were promised easy money but have often ended up in financial ruin. Indeed, insurance has been a disaster area for the City. But it is an exception.

Parliament's possible role in sorting out the exchange's difficulties is unclear. MPs would be unwise to blunder into the Square Mile's minefield of relationships and jealousies. In practice, the City has been left primarily as a zone of self-regulation. This has worked well in the wholesale markets (but less well in retail investment).

As for promotion, the Bank of England used to be quite active in singing the praises of the Square Mile but, as it has acquired increased supervisory responsibilities, culminating in the Barings disaster, it has become more inhibited by conflicts of interest. A few years ago, the Treasury became the "sponsoring" ministry for financial services; hence, no doubt, its recent initiative. Yet, clearly, it has a lot to learn.

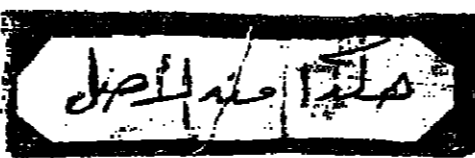
British Invisibles has been a curious case. No other country seems to have any urge to separate the promotion of trade in physical goods and

"invisible" services. Its creation in the 1960s had origins rooted in the very cultural basis of the City itself: the preference of the gentlemanly classes for financial business rather than for trade in mere goods.

But the political climate when BI was founded meant that it was considered desirable to mask its preoccupation with the Square Mile. Other "invisible" industries were embraced as well, such as tourism and entertainment (although culturally - and industrially, too, for that matter - they have never meshed very happily). In blurring its image in this way, however, British Invisibles seems now to have managed to sideline itself instead of becoming the Treasury's dedicated promotional vehicle for the City of London.

The real question is whether the City really needs the help of these self-appointed bureaucracies. Every day, thousands of its firms reach out across the globe. The big US, German, Swiss and Japanese institutions are entrenched heavily in London because they can do good business there. It will be better if the sectional jealousies can be worked out in the competitive market-place than in boardrooms of quangos. Perhaps, after all, the City can best look after itself.

Offshore managed funds and UK managed funds are listed in Section One



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